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**Public  
Service  
Superannuation  
Board**

**Annual Report**  
for year ending March 31, 1985





Ministry of  
Government  
Services

SIXTY-FIFTH ANNUAL REPORT  
OF THE  
PUBLIC SERVICE SUPERANNUATION BOARD  
FOR THE YEAR ENDED  
MARCH 31, 1985





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Ministry of  
Government  
Services

12th Floor  
Ferguson Block  
Queen's Park  
Toronto Ontario  
M7A 1N3  
416/965-1101

To his Honour, The Lieutenant Governor of the  
Province of Ontario.

MAY IT PLEASE YOUR HONOUR:

The undersigned respectfully presents herewith the Report of  
the Public Service Superannuation Board for the year ended  
March 31, 1985.

Respectfully submitted,

Elinor Caplan  
Minister.



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Public  
Service  
Superannuation  
Board

Area code 416  
Telephone 965-1709

The Honourable Elinor Caplan  
Minister of Government Services.

MADAM:

I have the honour to submit the Report of the Public Service Superannuation Board for the year ended March 31, 1985.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Stephanie J. Wychowanec".

Stephanie J. Wychowanec,  
Chairman.



## PUBLIC SERVICE SUPERANNUATION BOARD

The Board was first established in 1920 under an Act of the Legislature of Ontario. It now operates under the Public Service Superannuation Act (R.S.O. 1980, chapter 419), as amended.

The Members of the Board are appointed by the Lieutenant Governor in Council. At the end of the year under review, the Board had the following Members:

S. J. Wychowanec, Q.C. (Chairman) Deputy Provincial Secretary for Justice	E. Aboud Director, Benefits Policy Branch Civil Service Commission
J. A. Jackson Executive Director Ministry of Government Services	S. McVittie Representative O.P.S. Employees Union

During the year, J. A. Jackson replaced Mr. R. G. Buck (June 29, 1984) who had served as a Member of the Board since 1982.

B. V. Cooke, Manager, Policy and Executive Benefits, Ministry of Government Services, was the Secretary.

In accordance with the Act, the Board advised the Minister responsible for the administration of the Act (the Minister of Government Services) and approved disability and certain survivor pension benefits. It evaluated eligibility in special cases and heard appeals against routine decisions made by the Employee Benefits and Data Services Branch of the Ministry of Government Services.

Twenty four meetings of the Board were held during the year ended March 31, 1985.



On January 1, 1985, major amendments were made to the Public Service Superannuation Act. Briefly these amendments

- a) enabled contributors to obtain credit for previous non-continuous, non-contributory service;
- b) enabled qualifying part-time and seasonal employees to become contributors to the Public Service Superannuation Fund;
- c) improved pensions for employees on the Long Term Income Protection Plan; and
- d) provided contributors with the option to increase the amount of the survivor allowance.



## TABLE OF CONTENTS

	<u>Page Nos.</u>
Contributors	6
Allowances	6
Annuities	7
Payments, Refunds and Transfers to Other Pension Funds	8
Options for Military Service and Past Pensionable Service with Another Employer	8
Options for Past Service with Ontario Government	9
Options for Leave of Absence	9
Contributions on Behalf of Disabled Contributors	9
Transfers Into and Out of the Fund	10-11
Public Service Superannuation Fund	12
Unfunded Liability	12
Cost of Administration	13
Acknowledgement	13
Tables I and II - Allowances	14-15
Tables III and IV - Annuities	16-17
Table V - Payments, Refunds and Transfers	18
Statement of Fund	19-20-21
Interest earned by the P.S.S. Fund	22



## **CONTRIBUTORS**

During the period covered by this Report, 4,499 new contributors to the Public Service Superannuation Fund were added and 4,349 contributors left the Fund for a net increase of 150 over the preceding year. At the end of the year under review there were 75,846 contributors.

## **ALLOWANCES**

An "allowance" under the Public Service Superannuation Act is retirement income payable in monthly instalments commencing with the month following the month in which the individual retired. The amount of an allowance is calculated according to the benefit formula under the Act and not reduced because of age or service.

As of March 31, 1985, 22,545 allowances were being paid compared with 21,582 at the end of the previous year. The total number of recipients consisted of:

1,193 disability pensioners;

15,169 service pensioners;

6,183 surviving spouses and children of deceased contributors or pensioners.

This represented an increase of 963 allowances over the preceding year.



## **ANNUITIES**

An "immediate annuity" under the Public Service Superannuation Act is similar to an allowance but the amount is reduced to reflect age and/or service which is less than the requirements for an allowance. Monthly payments commence with the month following the month in which the individual ceased to be employed.

A "deferred annuity" under the Public Service Superannuation Act is payable at a specific date in the future, such as age 60 or 65 depending upon the commencement date of employment in the Ontario public service, to an individual who is no longer an active member of the Plan. The amount may be reduced to reflect service which is less than the requirement for an allowance.

At the end of the year under review there were:

3,355 former contributors receiving annuities;

377 surviving spouses and children in receipt of annuities;

684 former contributors who will receive deferred annuities from a later date.

This represented an increase of 201 annuities over the preceding year.



**PAYMENTS, REFUNDS AND TRANSFERS  
TO OTHER PENSION FUNDS**

During the period April 1, 1984 to March 31, 1985:  
2,352 former employees received refunds of contributions, with  
interest;

74 former employees who were not eligible for an allowance  
received payments of twice their contributions, with  
interest;

45 spouses and children received lump sum death benefits equal  
to twice the deceased contributor's contributions, with  
interest;

330 former employees transferred their contributions and credits  
to other pension funds.

**OPTIONS FOR MILITARY SERVICE AND PAST  
PENSIONABLE SERVICE WITH ANOTHER EMPLOYER**

During the year 917 contributors made contributions for military  
service in World War II or the Korean War. Also, 618 contributors made  
contributions for pensionable service with employers recognized for  
transfer purposes under the Public Service Superannuation Act.

The amount contributed to the fund by these employees was  
\$1,185,143.



### **OPTIONS FOR PAST SERVICE WITH ONTARIO GOVERNMENT**

During the year, 3,113 contributors made payments for past continuous non-contributory service with the Ontario Government. Furthermore, 996 employees made contributions in order to reinstate previous periods of pensionable service with the Ontario Government.

The amount paid into the Fund by these contributors during the fiscal year was \$1,770,099.

### **OPTIONS FOR LEAVE OF ABSENCE**

During this period, 664 contributors established credit for unpaid leave of absence. The amount contributed to the Fund by these employees was \$203,405.

### **CONTRIBUTIONS ON BEHALF OF DISABLED CONTRIBUTORS**

Also during 1984-85, the employer paid \$5,376,907 into the Fund on behalf of 2,758 disabled contributors who had qualified for a benefit under the long term income protection plan. This amount was in addition to the usual matching contribution paid under Section 10(1) of the Public Service Superannuation Act.



## TRANSFERS INTO AND OUT OF THE FUND

During the year, 52 contributors established additional credit in the Ontario Public Service Superannuation Fund by transferring from other pension funds and 330 former contributors transferred their O.P.S.S.F. contributions and credits to other pension funds.

On March 31, 1985 reciprocal transfer arrangements were in effect between the O.P.S.S.F. and the following:

Alberta Civil Service Superannuation Fund  
Anglican Church of Canada Pension Fund \*  
Baptist Convention of Ontario and Quebec \*  
British Columbia Public Service Superannuation Fund  
Canada Public Service Superannuation Fund  
Canadian Broadcasting Corporation Pension Fund  
Carleton University Pension Fund  
Caucus Employees Retirement Fund  
Central Mortgage and Housing Corporation Pension Fund  
Evangelical Lutheran Church of Canada Pension Fund \*  
Hospital for Sick Children Employees Pension Fund  
Hospitals of Ontario Pension Fund  
McMaster University Pension Fund  
Manitoba Civil Service Superannuation Fund  
New Brunswick Civil Service Superannuation Fund  
Nova Scotia Civil Service Superannuation Fund  
Ontario Educational Communications Authority Pension Fund  
Ontario Energy Corporation  
Ontario Hydro Pension Fund  
Ontario Institute for Studies in Education Pension Fund  
Ontario Municipal Employees Retirement System  
Ontario Research Foundation Pension Fund  
Ontario Teachers' Superannuation Fund



Prince Edward Island Civil Service Superannuation Fund  
Queen's University Pension Fund  
Retirement Pension Plan of Colleges of Applied  
Arts and Technology  
Saskatchewan Power Corporation Pension Fund  
Trent University Pension Fund  
United Church of Canada Pension Fund \*  
University of Guelph Pension Fund  
University of Ottawa Pension Fund  
University of Toronto Pension Fund  
Worker's Compensation Board Superannuation Fund  
York University Pension Fund

\* Applies only to Ontario public service chaplains



## **PUBLIC SERVICE SUPERANNUATION FUND**

The amount standing to the credit of the Public Service Superannuation Fund at April 1, 1984 was \$3,152,087,687 and at the close of the fiscal year \$3,553,842,541 (subject to verification by the Provincial Auditor). Total receipts for the year, including interest, amounted to \$505,347,859 while total disbursements amounted to \$163,593,005.

## **UNFUNDED LIABILITY**

As previously reported, an actuarial valuation on the Public Service Superannuation Fund received in 1983 indicated an unfunded liability (i.e. the excess of the present value of future benefits over the sum of the funds on hand and the present value of future contributions) as of December 31, 1982 of \$121 million.

In accordance with the recommendations of the actuaries and the Board and also in conformance with the Ontario Pension Benefits Act, an amortization payment in the amount of \$13,892,000 was made on January 1, 1985. Under the recommended schedule, the following payments will be made in the future:

January 1, 1986 to 1992 inclusive	\$13,892,000 annually
January 1, 1993 and thereafter	\$ 7,122,000 annually

However, these amounts are subject to change in the light of future actuarial valuations which by law must be made at least every three years.



## COST OF ADMINISTRATION

The cost of administrative support for the operation of the Public Service Superannuation Board is subsumed in the cost of administering the provisions of the Public Service Superannuation Act by the Employee Benefits and Data Services Branch of the Ministry of Government Services (Vote 603, Item 3). (This Branch also administers other pension and benefit plans for Government employees and for members of the Legislative Assembly and their staff and provides payroll and personnel data services to all government ministries.)

The chairman and members of the Public Service Superannuation Board are either civil servants in other capacities or an employee of the Ontario Public Service Employees Union and they receive no additional remuneration or expense allowances for service on the Board. Cost proration is not justified under these circumstances.

## ACKNOWLEDGEMENT

In submitting this Report the Board again wishes to express its appreciation of the assistance rendered to the Board by the Secretariat and the management and staff of the Employee Benefits and Data Services Branch, Ministry of Government Services.



TABLE I

## CASES UNDER THE PUBLIC SERVICE SUPERANNUATION ACT

<u>Allowances</u>	<u>Total number of recipients at March 31, 1984</u>	<u>Cases during year</u>	<u>Deaths during year</u>	<u>Other terminations</u>	<u>Total number of recipients at March 31, 1985</u>
Type 60 (male)	2,950	223	99	3	3,071
Type 60 (female)	1,079	71	29	0	1,121
Type 65 (male)	5,630	508	298	3	5,837
Type 65 (female)	3,038	268	79	1	3,226
Type 70 (male)	80	1	8	6	67
Type 70 (female)	36	1	2	0	35
Type 90 (male)	1,542	114	25	0	1,631
Type 90 (female)	169	16	4	0	181
Disability (male)	700	50	52	0	698
Disability (female)	495	16	16	0	495
Defendants (widows of contributors)	1,924	136	34	0	2,026
Defendants (widowers of contributors)	125	17	4	0	138
Defendants (widows of superannuates)	3,607	341	139	0	3,809
Defendants (widowers of superannuates)	113	19	8	0	124
Defendants (children)	94	1	1	8	86
<b>TOTALS</b>	<b>21,582</b>	<b>1,782</b>	<b>798</b>	<b>21</b>	<b>22,545</b>

Type 60 - age 60 plus at least 20 years of contributory service.

Type 65 - age 65 plus at least 10 years of contributory service.

Type 70 - age 70 plus at least 10 years of contributory service.

Type 90 - age plus years of contributory service total at least 90 years.



TABLE II

## ALLOWANCES

Summary of allowances being paid as at March 31, 1985:

<u>Dollar Amount Per Annum</u>	<u>Number of Allowances (Pensioners)</u>
0 - 2,000	2,990
2,001 - 3,000	2,532
3,001 - 4,000	1,881
4,001 - 5,000	1,408
5,001 - 6,000	1,171
6,001 - 7,000	830
7,001 - 8,000	725
8,001 - 9,000	614
9,001 - 10,000	536
10,001 - 12,000	953
12,001 - 15,000	948
15,001 - 20,000	937
20,001 - 25,000	482
Over 25,000	355

<u>Dollar Amount Per Annum</u>	<u>Number of Allowances (Dependants)</u>
0 - 1,000	1,966
1,001 - 1,500	1,276
1,501 - 2,000	862
2,001 - 2,500	545
2,501 - 3,000	396
3,001 - 3,500	272
3,501 - 4,000	196
4,001 - 4,500	132
4,501 - 5,000	118
5,001 - 6,000	160
6,001 - 7,500	137
7,501 - 10,000	90
10,001 - 12,500	23
Over 12,500	10

See statistical tabulation on page 14.

The dollar amounts are P.S.S. Fund amounts and do not include supplementary benefits and escalation payments.



TABLE III

CASES UNDER THE PUBLIC SERVICE SUPERANNUATION ACT

<u>Annuities</u>	Total number of recipients at March 31, 1984	Cases during year	Deaths during year	Other terminations	Total number of recipients at March 31, 1985
Immediate (60 plus, male)	540	58	23	1	574
Immediate (60 plus, female)	707	45	11	0	741
Immediate (less than 60, male)	461	36	5	0	492
Immediate (less than 60, female)	641	43	8	0	676
* Deferred Active (male)	428	35	8	0	455
* Deferred Active (female)	398	25	6	0	417
* Deferred Pending (male)	430	28	0	30	428
* Deferred Pending (female)	254	27	0	25	256
Dependants (widows)	303	21	8	0	316
Dependants (widowers)	51	13	5	0	59
Dependants (children)	2	0	0	0	2
TOTALS	4,215	331	74	56	4,416

\* Deferred Annuities are denoted as "pending" until the date payment commences and are then referred to for statistical purposes as "active".

Immediate (60 plus) - age 60 or over plus at least 10 years of contributory service.  
 Immediate (less than 60) - under age 60 plus at least 10 years of contributory service.



TABLE IV

## ANNUITIES

Summary of annuities being paid as at March 31, 1985:

<u>Dollar Amount Per Annum</u>	<u>Number of Annuities (Annuitants)</u>
0 - 2,000	1,471
2,001 - 3,000	641
3,001 - 4,000	415
4,001 - 5,000	262
5,001 - 6,000	163
6,001 - 7,000	114
7,001 - 8,000	76
8,001 - 9,000	49
9,001 - 10,000	48
10,001 - 12,000	50
12,001 - 15,000	34
15,001 - 20,000	21
20,001 - 25,000	9
Over 25,000	2

<u>Dollar Amount Per Annum</u>	<u>Number of Annuities (Dependants)</u>
0 - 1,000	245
1,001 - 1,500	74
1,501 - 2,000	26
2,001 - 2,500	10
2,501 - 3,000	5
3,001 - 3,500	7
3,501 - 4,000	4
4,001 - 4,500	0
4,501 - 5,000	1
5,001 - 6,000	4
6,001 - 7,500	1
7,501 - 10,000	0
10,001 - 12,500	0
Over 12,500	0

See statistical tabulation on page 16.

The dollar amounts are P.S.S. Fund amounts and do not include supplementary benefits and escalation payments.

This summary excludes deferred pending cases.



TABLE V

**NUMBER OF OTHER CASES PROCESSED UNDER  
THE PUBLIC SERVICE SUPERANNUATION ACT**

In addition to the cases involving allowances and annuities as shown on pages 14 and 16, the following cases were processed in the period April 1, 1984 to March 31, 1985. The number of cases processed in all categories does not correspond to the number of contributors who left the Fund because of the overlap, both at the beginning and the end of the fiscal year, between the date of separation and the date of processing the benefit.

	<u>Number of cases during the year</u>
<u>Payments (Double contributions with interest)</u>	
Retirement	61
Disability	13
Dependants (widows, widowers, children)	<u>45</u>
Sub total	<u>119</u>
<u>Refunds</u>	
Single contributions (with interest)	2,352
Residual balances	<u>26</u>
Sub total	<u>2,378</u>
<u>Transfers</u>	
Transfers Out	330
Sub total	<u>330</u>
TOTAL	<u>2,827</u>



PUBLIC SERVICE SUPERANNUATION FUND

(Established under The Public Service Superannuation Act)

Statement of Fund  
 For the Year Ended March 31, 1985  
 (subject to verification by  
 the Provincial Auditor)

	<u>1985</u> \$	<u>1984</u> \$
Balance of Fund, on deposit with The Treasurer of Ontario, beginning of year	<u>3,152,087,687</u>	<u>2,763,410,299</u>
 RECEIPTS -		
Contributions:		
Employees (Sec. 7)	<u>98,080,872</u>	<u>96,308,060</u>
Province of Ontario (Sec. 10)	87,942,233	86,395,228
Boards and Commissions (Sec. 10)	9,697,662	9,496,329
Designated Branches (Sec. 10)	440,977	416,503
	<u>98,080,872</u>	<u>96,308,060</u>
Without equivalent contributions by the employer - sundry	<u>1,338,861</u>	<u>1,566,201</u>
Province of Ontario re employees receiving L.T.I.P.	<u>5,376,907</u>	<u>4,739,389</u>
Province of Ontario re payment on the unfunded liability	<u>13,892,000</u>	<u>13,892,000</u>
Transfers from other Plans	<u>1,383,108</u>	<u>1,329,357</u>
 Interest Earnings:		
On balance in Fund as at beginning of year for one year to end of year @ 10.9393% (1984 - 10.6658%) (Sec. 5)	344,816,328	293,722,604
On excess of contributions and transfers in over disbursements during year @ 13.33% (1984 - 12.88%) (Sec. 5)	1,937,452	4,998,277
On unfunded liability payment for three months to end of year @ 13.33% (1984 - 12.88%) (Sec. 5)	441,459	427,209
	<hr/>	<hr/>
	<u>347,195,239</u>	<u>299,148,090</u>
	<u>3,717,435,546</u>	<u>3,276,701,456</u>



	<u>1985</u> \$	<u>1984</u> \$
<b>DISBURSEMENTS</b>		
Allowances (including Supplementary Benefits) to superannuates, beneficiaries and annuitants	173,690,044	150,018,224
Less:		
Recovery of Supplementary Benefits paid from Consolidated Revenue Fund	(43,560,930)	(39,645,493)
	<u>130,129,114</u>	<u>110,372,731</u>
Refunds of contributions and interest	13,527,058	11,882,380
Transfers to other Plans:	19,936,833	2,358,658
	<u>163,593,005</u>	<u>124,613,769</u>
Balance in Fund, on deposit with the Treasurer of Ontario, end of year	3,553,842,541	3,152,087,687
	<hr/> <hr/>	<hr/> <hr/>

\*See accompanying note to financial statement

Approved on behalf of the Board:

D. Lynchowicz  
Chairman

J.V. Cook  
Secretary

Note

This is an augmented version of the Statement audited by the Provincial Auditor and published in the Public Accounts.



**PUBLIC SERVICE SUPERANNUATION FUND**

**Note to Financial Statement**

**March 31, 1985**

**UNFUNDED LIABILITY**

The most recent triennial actuarial review of the Public Service Superannuation Fund was made as at December 31, 1982. As at that date this review disclosed an unfunded liability of \$121,000,000. Of this amount \$82,616,000 represents the initial unfunded liability as at January 1, 1965. The balance of \$38,384,000 represents the additional unfunded liability which has arisen since January 1, 1965.

The Province of Ontario has been making annual payments of interest and principal into the Fund in accordance with the Regulations under the Pension Benefits Act. These payments are designed to:

- Prevent an increase in the intital unfunded liability.
- Liquidate the additional unfunded liability over a period ending January 1, 1992.

Future special payments will be required as follows:

January 1, 1986 to 1992 inclusive	13,892,000
Annually commencing January 1, 1993	7,122,000



**INTEREST EARNED  
BY THE P.S.S. FUND**

Interest was credited to the Public Service Superannuation Fund out of the Consolidated Revenue Fund on the following basis:

- (i) on the balance at the credit of the Fund on March 31, 1984 at a rate of 10.93930 per cent per annum, the effective rate of interest equivalent to the combination of rates applicable to the various portions of the balance;
- (ii) on the net amount deemed to have entered the Fund each month throughout fiscal year 1984-85 at a rate of 13.330 per cent per annum and credited from the date such increases are deemed to have entered the Fund to the end of fiscal year 1984-85; and
- (iii) on the unfunded liability payment of \$13,892,000 for a period of three months at a rate of 13.330 per cent per annum.

For amounts, please refer to Page 19.

Interest will be credited to the Public Service Superannuation Fund out of the Consolidated Revenue Fund at a rate of 13.330 per cent per annum for twenty-five years subsequent to the fiscal year 1984-85 on the net increase in the Fund for the fiscal year 1984-85 (\$401,754,854) and on the \$17,000,000 which was deemed to be the portion of the fund which was reinvested at March 31, 1985.







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Publications

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**Public  
Service  
Superannuation  
Board**

**Annual Report**  
for year ending March 31, 1987



Government  
of  
Quebec

SIXTY-SEVENTH ANNUAL REPORT  
OF THE  
PUBLIC SERVICE SUPERANNUATION BOARD  
FOR THE YEAR ENDED  
MARCH 31, 1987







Ontario

The Management  
Board of  
Cabinet

Frost Building  
Queen's Park  
Toronto Ontario  
416/965-6795

To his Honour the Lieutenant Governor of  
the Province of Ontario

MAY IT PLEASE YOUR HONOUR:

The undersigned respectfully presents herewith the  
Report of the Public Service Superannuation Board  
for the year ended March 31, 1987.

Respectfully submitted,

A handwritten signature in cursive ink, appearing to read "Nixon".

Robert F. Nixon  
Acting Chairman





Public  
Service  
Superannuation  
Board

Commission  
du régime de  
retraite des  
fonctionnaires

Area code 416  
Telephone 965-1709

Indicatif régional  
Téléphone

The Honourable Robert Nixon  
Acting Chairman of Management Board

SIR:

I have the honour to submit the Report of the  
Public Service Superannuation Board for the  
year ended March 31, 1987.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Wychowanec".

Stephanie J. Wychowanec,  
Chairman.



## PUBLIC SERVICE SUPERANNUATION BOARD

The Board, first established in 1920 under an Act of the Legislature of Ontario, now operates under the Public Service Superannuation Act (R.S.O. 1980, chapter 419), as amended.

The Members of the Board are appointed by the Lieutenant Governor in Council. At the end of the year under review, the Board had the following Members:

S.J. Wychowanec, Q.C. (Chairman)  
Chairman, Commercial Registration  
Appeal Tribunal

E. Aboud, Director  
Benefits Policy Branch  
Human Resources Secretariat  
Management Board of Cabinet

J.A. Jackson  
Executive Director  
Property Management Division  
Ministry of Government Services

S. McVittie  
Representative  
O.P.S. Employees Union

B.V. Cooke, Manager, Policy and Executive Benefits, Ministry of Government Services, was the Secretary.

In accordance with the Act, the Board approved disability and certain survivor pension benefits. It evaluated eligibility in special cases and heard appeals against routine decisions made by the Employee Benefits and Data Services Branch of the Ministry of Government Services. Board decisions are usually made on the basis of written presentations but affected parties may make personal presentations if so desired and may be represented by counsel. The Board also advised the Minister on Public Service Superannuation Fund matters.

Twenty-two meetings of the Board were held during the year ended March 31, 1987.



## TABLE OF CONTENTS

	<u>Page Nos.</u>
Contributors	6
Allowances	6
Annuities	7
Payments, Refunds and Transfers To Other Pension Funds	8
Options for military Service and Past Pensionable Service with Another Employer	8
Options for Past Service with Ontario Government	9
Options for Leave of Absence	9
Contributions on Behalf of Disabled Contributors	9
Transfers Into and Out of the Fund	10 - 11
Public Service Superannuation Fund	12
Unfunded Liability	12
Cost of Administration	13
Acknowledgement	13
Tables I and II - Allowances	14 - 15
Tables III and IV - Annuities	16 - 17
Table V - Payments, Refunds and Transfers	18
Statement of Fund	19 - 22
Interest Earned by the P.S.S. Fund	23



## CONTRIBUTORS

During the period covered by this Report, 8,638 new contributors to the Public Service Superannuation Fund were added and 4,554 contributors left the Fund for a net increase of 4,084 over the preceding year. At the end of the year under review, there were 81,378 contributors of whom 1423 were part-time and 2,590 seasonal employees.

## ALLOWANCES

An "allowance" under the Public Service Superannuation Act is retirement income payable in monthly instalments commencing with the month following the month in which the individual retired. The amount of an allowance is calculated according to the benefit formula under the Act and not reduced because of age or service.

As of March 31, 1987, 24,716 allowances were being paid compared with 23,742 at the end of the previous year. The total number of recipients consisted of:

1,148 disability pensioners;

16,745 service pensioners;

6,823 surviving spouses and children of deceased contributors or pensioners.

This represented an increase of 974 allowances over the preceding year.



## ANNUITIES

An "immediate annuity" under the Public Service Superannuation Act is similar to an allowance but the amount is reduced to reflect age and/or service which is less than the requirements for an allowance. Monthly payments commence with the month following the month in which the individual ceased to be employed.

A "deferred annuity" under the Public Service Superannuation Act is payable at a specific date in the future, such as age 60 or 65 depending upon the commencement date of employment in the Ontario Public Service, to an individual who is no longer an active member of the Plan. The amount may be reduced to reflect service which is less than the requirement for an allowance.

At the end of the year under review, there were:

- 3,657 former contributors receiving annuities;
- 454 surviving spouses and children in receipt of annuities;
- 689 former contributors who will receive deferred annuities from a later date.

This represented an increase of 165 annuities over the preceding year.



PAYMENTS, REFUNDS AND TRANSFERS  
TO OTHER PENSION FUNDS

During the period April 1, 1986 to March 31, 1987:

- 2,765 former employees received refunds of contributions, with interest;
- 70 former employees who were not eligible for an allowance received payments of twice their contributions, with interest;
- 32 spouses and children received lump sum death benefits equal to twice the deceased contributor's contributions, with interest;
- 138 former employees transferred their contributions and credits to other pension funds.

OPTIONS FOR MILITARY SERVICE AND PAST  
PENSIONABLE SERVICE WITH ANOTHER EMPLOYER

During the year, 309 contributors made contributions for military service in World War II or the Korean War. Also, 524 contributors made contributions for pensionable service with the employers recognized for transfer purposes under the Public Service Superannuation Act.

The amount contributed to the Fund by these employees was \$841,446.



## OPTIONS FOR PAST SERVICE WITH ONTARIO GOVERNMENT

During the fiscal year, 4,210 contributors made payments for past non-contributory service with the Ontario Government. Furthermore, 894 employees made contributions in order to reinstate previous periods of pensionable service with the Ontario Government.

The amount paid into the Fund by these contributors during the fiscal year was \$3,163,452.

## OPTIONS FOR LEAVE OF ABSENCE

During this period, 559 contributors established credit for unpaid leave of absence. The amount contributed to the Fund by these contributors was \$231,660.

## CONTRIBUTIONS ON BEHALF OF DISABLED CONTRIBUTORS

Also during this fiscal year 1986-87, the employer paid \$7,870,609 into the Fund on behalf of 4,529 disabled contributors who had qualified for a benefit under the Long Term Income Protection Plan. This amount was in addition to the usual matching contribution paid under Section 10(1) of the Public Service Superannuation Act.



## TRANSFERS INTO AND OUT OF THE FUND

During the year, 254 contributors established additional credit in the Ontario Public Service Superannuation Fund by transferring from other pension funds and 138 former contributors transferred their O.P.S.S.F. contributions and credits to other pension funds.

On March 31, 1987 reciprocal transfer arrangements were in effect between the O.P.S.S.F. and the following:

Alberta Civil Service Superannuation Fund  
Anglican Church of Canada Pension Fund \*  
Baptist Convention of Ontario and Quebec \*  
British Columbia Public Service Superannuation Fund  
Canada Public Service Superannuation Fund  
Canada Broadcasting Corporation Pension Fund  
Carleton University Pension Fund  
Central Mortgage and Housing Corporation Pension Fund  
Evangelical Lutheran Church of Canada Pension Fund \*  
Hospital for Sick Children Employees Pension Fund  
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McMaster University Pension Fund  
Manitoba Civil Service Superannuation Fund  
New Brunswick Civil Service Superannuation Fund  
Newfoundland Civil Service Superannuation Fund  
Nova Scotia Civil Service Superannuation Fund  
Ontario Educational Communications Authority Pension Fund  
Ontario Energy Corporation  
Ontario Hydro Pension Fund  
Ontario Institute for Studies in Education Pension Fund



Ontario Municipal Employees Retirement System  
Ontario Research Foundation Pension Fund  
Ontario Teachers' Superannuation Fund  
Prince Edward Island Civil Service Superannuation Fund  
Queen's University Pension Fund  
Retirement Pension Plan of Colleges of Applied Arts and Technology  
Saskatchewan Power Corporation Pension Fund  
Sisters of St. Joseph  
Trent University Pension Fund  
United Church of Canada Pension Fund \*  
University of Guelph Pension Fund  
University of Ottawa Pension Fund  
University of Toronto Pension Fund  
University of Western Ontario \*\*  
Workers' Compensation Board Superannuation Fund  
York University Pension Fund

\* Applies only to Ontario Public Service Chaplains

\*\* Agreement entered into during the fiscal year 1986-87.



## PUBLIC SERVICE SUPERANNUATION FUND

The amount standing to the credit of the Public Service Superannuation Fund at April 1, 1986 was \$4,030,476,412 and at the close of the fiscal year \$4,562,854,575 (subject to verification by the Provincial Auditor). Total receipts for the year, including interest, amounted to \$713,821,526 while total disbursements amounted to \$181,443,363.

## UNFUNDED LIABILITY

An actuarial valuation on the Public Service Superannuation Fund received in 1987 indicated a surplus of \$109.9 million.



## COST OF ADMINISTRATION

The cost of administrative support for the operation of the Public Service Superannuation Board is subsumed in the cost of administering the provisions of the Public Service Superannuation Act by the Employee Benefits and Data Services Branch of the Ministry of Government Services (Vote 205, Item 3). (This Branch also provides administrative services to other pension plans and benefit plans for Government employees and for members of the Legislative Assembly and their staff and provides payroll and personnel data services to all government ministries.)

The Chairman and members of the Public Service Superannuation Board are either civil servants in other capacities or an employee of the Ontario Public Service Employees Union and they receive no additional remuneration or expense allowances for service on the Board. Cost proration is not justified under these circumstances.

## ACKNOWLEDGEMENT

In submitting this Report, the Board acknowledges, with appreciation, the assistance rendered to it by the Secretariat and the management and staff of the Employee Benefits and Data Services Branch, Ministry of Government Services.



**CASES UNDER THE PUBLIC SERVICE SUPERANNUATION ACT**

<u>Allowances</u>	<u>Total number of recipients at March 31, 1986</u>	<u>Cases during year</u>	<u>Deaths during year</u>	<u>Other terminations</u>	<u>Total number of recipients at March 31, 1987</u>
Type 60 (male)	3,238	209	93	0	3,354
Type 60 (female)	1,188	75	31	1	1,231
Type 65 (male)	6,086	512	297	2	6,299
Type 65 (female)	3,411	277	114	2	3,572
Type 70 (male)	60	1	7	0	54
Type 70 (female)	31	2	3	0	30
Type 90 (male)*	1,846	171	22	0	1,995
Type 90 (female)	195	15	0	0	210
Disability (male)	683	26	46	1	662
Disability (female)	498	9	20	1	486
Defendants (widows of contributors)	2,126	118	40	1	2,203
Defendants (widowers of contributors)	156	21	4	0	173
Defendants (widows of superannuates)	4,006	339	131	3	4,211
Defendants (widowers of superannuates)	135	26	8	0	153
Defendants (children)	83	5	4	1	83
TOTALS:	23,742	1,806	820	12	24,716

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\*NOTE: of the 171 new cases, 38 are OPPA "Type 80" cases

Type 60 - age 60 plus at least 20 years of contributory service.  
 Type 65 - age 65 plus at least 10 years of contributory service.  
 Type 70 - age 70 plus at least 10 years of contributory service.  
 Type 90 - age plus years of contributory service total at least 90 years.



TABLE II

## ALLOWANCES

Summary of allowances being paid as at March 31, 1987:

Dollar Amount Per Annum	Number of Allowances (Pensioners)
0 - 2,000	2,663
2,001 - 3,000	2,433
3,001 - 4,000	1,997
4,001 - 5,000	1,581
5,001 - 6,000	1,388
6,001 - 7,000	992
7,001 - 8,000	874
8,001 - 9,000	738
9,001 -10,000	628
10,001 -12,000	1,041
12,001 -15,000	1,141
15,001 -20,000	1,199
20,001 -25,000	668
Over 25,000	550

Dollar Amount Per Annum	Number of Allowances (Dependants)
0 - 1,000	1,950
1,001 - 1,500	1,319
1,501 - 2,000	952
2,001 - 2,500	634
2,501 - 3,000	455
3,001 - 3,500	344
3,501 - 4,000	229
4,001 - 4,500	185
4,501 - 5,000	154
5,001 - 6,000	226
6,001 - 7,500	184
7,501 -10,000	140
10,001 -12,500	34
Over 12,500	17

See statistical tabulation on page 14.

The dollar amounts are P.S.S. Fund amounts and do not include supplementary benefits and escalation payments.



**TABLE III**  
**CASES UNDER THE PUBLIC SERVICE SUPERANNUATION ACT**

<u>Annuities</u>	Total number of recipients at March 31, 1986	Cases during year	Deaths during year	Other terminations	Total number of recipients at March 31, 1987
Immediate (60 plus, male)	600	31	33	1	597
Immediate (60 plus, female)	769	51	19	0	801
Immediate (less than 60, male)	522	38	10	2	548
Immediate (less than 60, female)	726	37	12	0	751
*Deferred Active (male)	485	42	20	1	506
*Deferred Active (female)	444	21	12	0	453
*Deferred Pending (male)	422	39	1	42	418
*Deferred Pending (female)	259	34	0	21	272
Dependants (widows)	343	42	8	0	377
Dependants (widowers)	64	15	4	0	75
Dependants (children)	2	0	0	0	2
					=====
	4,636	350	119	67	4,800
	=====	====	====	==	=====

\*Deferred Annuities are denoted as "pending" until the date payment commences and are then referred to for statistical purposes as "active".

Immediate (60 plus) - age 60 or over plus at least 10 years of contributory service.

Immediate (less than 60) - under age 60 plus at least 10 years of contributory service.



## TABLE V

NUMBER OF OTHER CASES PROCESSED UNDER  
THE PUBLIC SERVICE SUPERANNUATION ACT

In addition to the cases involving allowances and annuities as shown on pages 14 and 16, the following cases were processed in the period April 1, 1986 to March 31, 1987. The number of cases processed in all categories does not correspond to the number of contributors who left the Fund because of the overlap, both at the beginning and the end of the fiscal year, between the date of separation and the date of processing the benefit.

	<u>Number of cases during the year</u>
<u>Payments (Double contributions with interest)</u>	
Retirement	59
Disability	11
Dependants (widows, widowers, children)	32
	Sub-total:
	102
<u>Refunds</u>	
Single contributions (with interest)	2,765
Residual balances	22
	Sub-total:
	2,787
<u>Transfers</u>	
Transfers Out	138
	Sub-total:
	138
	TOTAL:
	3,027
	=====



## PUBLIC SERVICE SUPERANNUATION FUND

### Statement of Changes in Fund Balance for the year ended March 31, 1987

	1987 (\$000's)	1986 (\$000's)
<b>Receipts</b>		
Contributions		
Province of Ontario	101,760	93,956
Boards and commissions	11,809	10,423
Designated branches	<u>375</u>	<u>442</u>
	<u>113,944</u>	<u>104,821</u>
Employees	113,944	104,821
Without equivalent contributions by employer - sundry	1,033	1,261
Employer re:		
Employees receiving long term income protection benefits	7,871	5,967
Payment on the unfunded liability (Note 4)	-	13,892
Transfers from other plans	17,326	7,097
Interest earnings	<u>459,704</u>	<u>403,010</u>
	<u>713,822</u>	<u>640,869</u>
<b>Disbursements</b>		
Allowances (including supplementary benefits) to superannuates, beneficiaries and annuitants	211,228	192,251
Supplementary benefits - recovery from the Province	<u>(50,916)</u>	<u>(47,310)</u>
	<u>160,312</u>	<u>144,941</u>
Refunds of contributions and interest	17,753	15,719
Transfers to other plans	<u>3,378</u>	<u>3,576</u>
	<u>181,443</u>	<u>164,236</u>
<b>Net increase in the Fund</b>	<b>532,379</b>	<b>476,633</b>
<b>Fund balance on deposit with the Treasurer of Ontario,</b>		
- beginning of year	<u>4,030,476</u>	<u>3,553,843</u>
- end of year	<u>4,562,855</u>	<u>4,030,476</u>

See accompanying notes to financial statement.

Approved on behalf of the Board:



D. V. Cook  
Omprakash

Chairman

Secretary



## **PUBLIC SERVICE SUPERANNUATION FUND**

### **Notes to Financial Statement March 31, 1987**

#### **1. DESCRIPTION OF THE PLAN**

The following brief description of the Public Service Superannuation pension plan (the Plan) is provided for general purposes only. For complete information, reference should be made to the Public Service Superannuation Act (the Act).

##### **(a) General**

The Plan is a contributory defined benefit pension plan of the Province of Ontario and is mandatory for persons who satisfy eligibility requirements provided in the Act. Under this Plan contributions are made by contributors, certain agencies, boards and commissions and the Province of Ontario.

##### **(b) Funding Policy**

Participants are required to contribute six per cent of salary, net of Canada Pension Plan contributions, to the Fund. These contributions are matched by the Province.

The Pension Benefits Act of Ontario requires that the Ontario Government, acting as the Plan sponsor, must ensure that the benefits determined under the Plan are adequately funded. The determination of the required funding is made on the basis of a triennial actuarial valuation.

##### **(c) Superannuation Allowances**

A superannuation allowance is available based on:

- a minimum of ten years of contributory service;
- the best five year or three year average salary depending on the credit date in the Fund; and
- two per cent of this average salary for each year of contributory service to a maximum of 35 years.

A "90 factor", achieved by a combination of age and years of contributory service, provides an unreduced superannuation allowance at any age. Both reduced and unreduced pensions are also available under other combinations of age and years of contributory service or under other circumstances as outlined in the Act. Integration with the Canada Pension Plan takes place at age 65 or upon receipt of a CPP disability allowance.

##### **(d) Survivor Allowances**

A survivor allowance equal to one half of the allowances mentioned above is available to a spouse or an eligible dependent child of a participant who has a minimum of ten years credit in the Fund. Participants may elect to increase the survivor allowance to a maximum of 75 per cent of the basic superannuation allowance by reducing the benefit received during their lifetime.



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## **1. DESCRIPTION OF THE PLAN (cont'd)**

### **(e) Death Refunds**

A death refund is payable to the estate of a participant or survivor where allowances have not been paid to the full extent of the individual's contributions plus interest.

### **(f) Withdrawal Refunds**

Upon application and subject to the lock in provisions, withdrawal refunds, with interest on the contributions, are payable where a participant ceases to be employed in the public service.

### **(g) Income Taxes**

The Public Service Superannuation Plan is a Registered Pension Plan as defined by the Income Tax Act.

### **(h) Supplementary Benefits**

Supplementary benefits, as ordered by the Lieutenant Governor in Council, are paid to participants where allowances under the Act are below a prescribed amount. Additionally, participants who are not entitled to receive cost-of-living escalations under the Superannuation Adjustment Benefits Act receive similar cost-of-living escalations from the Fund. These supplementary benefit payments are recovered from the Consolidated Revenue Fund.

### **(i) Interest Revenue**

All new money, being the excess of receipts over disbursements each fiscal year, earns a rate of interest which is fixed for 25 years and which is not less than the weighted average rate on long term securities issued or guaranteed by the Province of Ontario during that fiscal year. Funds maturing at the end of the 25 year term are also reinvested at the new money rate. For the 1987 fiscal year, this rate was 10.38%. The weighted average interest rate being earned on the 1986/87 Opening Balance was 11.31%.

## **2. SIGNIFICANT ACCOUNTING POLICY**

This statement has been prepared on the cash basis of accounting.

## **3. ADMINISTRATIVE EXPENSES**

Administrative expenses are paid by the Ministry of Government Services.

## **4. FINANCIAL STATUS OF THE FUND**

### **(a) Results of Actuarial Valuation**

The adequacy of the assets available for benefits in the Fund is determined by a triennial actuarial valuation. The latest triennial actuarial valuation filed with the Pension Commission of Ontario was as at December 31, 1985.



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**4. FINANCIAL STATUS OF THE FUND (cont'd)**

This valuation revealed an actuarial gain of \$221.4 million since the last triennial actuarial valuation of the Fund. This actuarial gain has been used to eliminate both the initial unfunded liability of \$82.6 million and the unfunded liability of \$28.9 million which has arisen subsequent to 1965. At December 31, 1985 the Fund showed an actuarial surplus of \$109.9 million. Based on the 1985 valuation report, the Province is no longer required to make unfunded liability payments into the Fund.

**(b) Basis of Actuarial Valuation**

The future assets and liabilities of the plan are determined by applying actuarial assumptions to predict the amount and timing of future benefits and refunds together with participant and matching contributions. Then, using assumed interest rates, these predicted payments and receipts are "present valued" as if they had all been paid or received on the valuation date, December 31, 1985. The rates used by the actuary for mortality, retirement and withdrawal were based on recent experiences among the participants of the Fund.

The assumed interest earnings rates and salary increase rates were as follow:

	New Money Interest Rate %	Fund Balance Interest Rate %	Salary Increase Rate %
1986	10.40	11.10	5.00
1987	9.00	10.90	5.50
1988	8.00	10.60	6.00
1989	7.00	10.20	7.00
1990	6.75	9.90	6.50
1991 and later	6.50 - 6.00	9.60 - 6.00	6.00 - 4.50

Post-retirement adjustment benefits for inflation are not considered in the actuary's valuation because such benefits are paid out of the Superannuation Adjustment Fund or the Consolidated Revenue Fund.



INTEREST EARNED  
BY THE P.S.S. FUND

Interest was credited to the Public Service Superannuation Fund out of the Consolidated Revenue Fund on the following basis:

- (i) on the balance at the credit of the Fund on March 31, 1986 at a rate of 11.30494 per cent per annum, the effective rate of interest equivalent to the combination of rates applicable to the various portions of the balance;
- (ii) on the net amount deemed to have entered the Fund each month throughout fiscal year 1986-87 at a rate of 10.38 per cent per annum and credited from the date such increases are deemed to have entered the Fund to the end of fiscal year 1986-87.

Interest will be credited to the Public Service Superannuation Fund out of the Consolidated Revenue Fund at a rate of 10.38 per cent per annum for twenty-five years subsequent to the fiscal year 1986-87 on the net increase in the Fund for the fiscal years 1986-87 (\$532,378,163) and on the \$20,000,000 which was deemed to be the portion of the Fund which was reinvested at March 31, 1987.







A 30  
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A 56



Ontario

Governmental  
Publications

**Public  
Service  
Superannuation  
Board**

**Annual Report**  
for year ending March 31, 1988



**SIXTY-EIGHTH ANNUAL REPORT  
OF THE  
PUBLIC SERVICE SUPERANNUATION BOARD  
FOR THE YEAR ENDED  
MARCH 31, 1988**







Ontario

The Management  
Board of  
Cabinet

Frost Building  
Queen's Park  
Toronto Ontario  
416/965-6795

September 28, 1988

To his Honour the Lieutenant Governor of the  
Province of Ontario.

MAY IT PLEASE YOUR HONOUR:

The undersigned respectfully presents herewith the  
Report of the Public Service Superannuation Board for  
the year ended March 31, 1988.

Respectfully submitted,

  
Murray J. Elston, M.P.P.  
Bruce  
Chairman

enc.





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The Honourable Murray Elston  
Chairman of Management Board

SIR:

I have the honour to submit the Report of the  
Public Service Superannuation Board for the  
year ended March 31, 1988.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Stephanie J. Wychowanec".

Stephanie J. Wychowanec  
Chairman.



## PUBLIC SERVICE SUPERANNUATION BOARD

The Board was first established in 1920 under an Act of the Legislature of Ontario. It now operates under the Public Service Superannuation Act (R.S.O. 1980, chapter 419), as amended.

The Members of the Board are appointed by the Lieutenant Governor in Council. At the end of the year under review, the Board had the following Members:

S.J. Wychowanec, Q.C. (Chairman)	E. McKee, Senior Advisor Pensions
Chairman, Commercial Registration Appeal Tribunal	Benefits Policy Branch Human Resources Secretariat Management Board of Cabinet
J. A. Jackson Executive Director Ministry of Government Services	S. McVittie Representative O.P.S. Employees Union

B.V. Cooke, Manager, Policy and Executive Benefits, Ministry of Government Services, was the Secretary.

During the year Elizabeth Aboud retired from the Public Service and also from the Board. Miss Aboud served the Board with distinction since 1984. Earl McKee was appointed the representative of the Human Resources Secretariat in her place.

In accordance with the Act, the Board approved disability and certain survivor pension benefits. It evaluated eligibility in special cases and heard appeals against routine decisions made by the Employee Benefits and Data Services Branch of the Ministry of Government Services. Board decisions are usually made on the basis of written presentations but affected parties may make personal presentations if so desired and may be represented by counsel. The Board also advised the Minister on Public Service Superannuation Fund matters.

Twenty-four meetings of the Board were held during the year ended March 31, 1988.



## TABLE OF CONTENTS

	<u>Page Nos.</u>
Contributors	6
Allowances	6
Annuities	7
Payments, Refunds and Transfers to Other Pension Funds	8
Options for Military Service and Past Pensionable Service with Another Employer	8
Options for Past Service with Ontario Government	9
Options for Leave of Absence	9
Contributions on Behalf of Disabled Contributors	9
Transfers Into and Out of the Fund	10-11
Public Service Superannuation Fund	12
Unfunded Liability	12
Cost of Administration	13
Acknowledgement	13
Tables I and II - Allowances	14-15
Tables III and IV - Annuities	16-17
Table V - Payments, Refunds and Transfers	18
Statement of Fund	19-23
Interest earned by the P.S.S. Fund	24



## **CONTRIBUTORS**

During the period covered by this Report, 8,474 new contributors to the Public Service Superannuation Fund were added and 5,687 contributors left the Fund for a net increase of 2,787 over the preceding year. At the end of the year under review there were 84,165 contributors of whom 1,480 were part-time and 501 were seasonal employees.

## **ALLOWANCES**

An "allowance" under the Public Service Superannuation Act is retirement income payable in monthly instalments commencing with the month following the month in which the individual retired. The amount of an allowance is calculated according to the benefit formula under the Act and not reduced because of age or service.

As of March 31, 1988, 26,420 allowances were being paid compared with 24,716 at the end of the previous year. The total number of recipients consisted of:

1,137 disability pensioners;

18,175 service pensioners;

7,108 surviving spouses and children of deceased contributors or pensioners.

This represented an increase of 1,704 allowances over the preceding year.



## **ANNUITIES**

An "immediate annuity" under the Public Service Superannuation Act is similar to an allowance but the amount is reduced to reflect age and/or service which is less than the requirements for an allowance. Monthly payments commence with the month following the month in which the individual ceased to be employed.

A "deferred annuity" under the Public Service Superannuation Act is payable at a specific date in the future, such as age 60 or 65 depending upon the commencement date of employment in the Ontario public service, to an individual who is no longer an active member of the Plan. The amount may be reduced to reflect service which is less than the requirement for an allowance.

At the end of the year under review there were:

3,976 former contributors receiving annuities;

475 surviving spouses and children in receipt of annuities;

675 former contributors who will receive deferred annuities from a later date.

This represented an increase of 326 annuities over the preceding year.



**PAYMENTS, REFUNDS AND TRANSFERS  
TO OTHER PENSION FUNDS**

During the period April 1, 1987 to March 31, 1988:

2,897 former employees received refunds of contributions, with interest;

70 former employees who were not eligible for an allowance received payments of twice their contributions, with interest;

29 spouses and children received lump sum death benefits equal to twice the deceased contributor's contributions, with interest;

120 former employees transferred their contributions and credits to other pension funds.

**OPTIONS FOR MILITARY SERVICE AND PAST  
PENSIONABLE SERVICE WITH ANOTHER EMPLOYER**

During the year 208 contributors made contributions for military service in World War II or the Korean War. Also, 382 contributors made contributions for pensionable service with employers recognized for transfer purposes under the Public Service Superannuation Act.

The amount contributed to the Fund by these employees was \$696,253.



### **OPTIONS FOR PAST SERVICE WITH ONTARIO GOVERNMENT**

During the year, 4,046 contributors made payments for past continuous non-contributory service with the Ontario Government. Furthermore, 872 employees made contributions in order to reinstate previous periods of pensionable service with the Ontario Government.

The amount paid into the Fund by these contributors during the fiscal year was \$3,290,900.

### **OPTIONS FOR LEAVE OF ABSENCE**

During this period, 575 contributors established credit for unpaid leave of absence. The amount contributed to the Fund by these contributors was \$210,323.

### **CONTRIBUTIONS ON BEHALF OF DISABLED CONTRIBUTORS**

Also during this fiscal year 1987-88, the employer paid \$12,047,799 into the Fund on behalf of 5,210 disabled contributors who had qualified for a benefit under the Long Term Income Protection Plan. This amount was in addition to the usual matching contribution paid under Section 10(1) of the Public Service Superannuation Act.



## TRANSFERS INTO AND OUT OF THE FUND

During the year, 158 contributors established additional credit in the Ontario Public Service Superannuation Fund by transferring from other pension funds and 120 former contributors transferred their O.P.S.S.F. contributions and credits to other pension funds.

On March 31, 1988 reciprocal transfer arrangements were in effect between the O.P.S.S.F. and the following:

Alberta Civil Service Superannuation Fund  
Anglican Church of Canada Pension Fund \*  
Baptist Convention of Ontario and Quebec \*  
British Columbia Public Service Superannuation Fund  
Canada Public Service Superannuation Fund  
Canada Broadcasting Corporation Pension Fund  
Carleton University Pension Fund  
Central Mortgage and Housing Corporation Pension Fund  
Evangelical Lutheran Church of Canada Pension Fund \*  
Hospital for Sick Children Employees Pension Fund  
Hospitals of Ontario Pension Fund  
McMaster University Pension Fund  
Manitoba Civil Service Superannuation Fund  
New Brunswick Civil Service Superannuation Fund  
Newfoundland Civil Service Superannuation Fund  
Nova Scotia Civil Service Superannuation Fund  
Ontario Educational Communications Authority Pension Fund  
Ontario Hydro Pension Fund  
Ontario Institute for Studies in Education Pension Fund  
Ontario Municipal Employees Retirement Board  
Ontario Research Foundation Pension Fund



Ontario Teachers' Superannuation Fund  
Prince Edward Island Civil Service Superannuation Fund  
Queen's University Pension Fund  
Retirement Pension Plan of Colleges of Applied  
Arts and Technology  
Saskatchewan Power Corporation Pension Fund  
Sisters of St. Joseph  
Trent University Pension Fund  
United Church of Canada Pension Fund \*  
University of Guelph Pension Fund  
University of Ottawa Pension Fund  
University of Toronto Pension Fund  
University of Western Ontario  
Via Rail Canada Inc. \*\*  
Worker's Compensation Board Superannuation Fund  
York University Pension Fund

\* Applies only to Ontario Public Service Chaplains

\*\* Agreement entered into during the fiscal year 1987-88.



## **PUBLIC SERVICE SUPERANNUATION FUND**

The amount standing to the credit of the Public Service Superannuation Fund at April 1, 1987 was \$4,562,854,575 and at the close of the fiscal year \$5,145,150,571 (subject to verification by the Provincial Auditor). Total receipts for the year, including interest, amounted to \$788,610,152 while total disbursements amounted to \$206,314,156.

## **UNFUNDDED LIABILITY**

An actuarial valuation on the Public Service Superannuation Fund received in 1988 indicated a surplus of \$314.0 million. However, when the amendments to the Pension Benefits Act are factored, the surplus is reduced to \$71.0 million, the difference of \$243.0 million being the actuarial estimate, on a present value basis of the cost of pension reform on the Plan.



## **COST OF ADMINISTRATION**

The cost of administrative support for the operation of the Public Service Superannuation Board is subsumed in the cost of administering the provisions of the Public Service Superannuation Act by the Employee Benefits and Data Services Branch of the Ministry of Government Services (Vote 1604, Item 3). (This Branch also provides administrative services to other pension plans and benefit plans for Government employees and for members of the Legislative Assembly and their staff and provides payroll and personnel data services to all government ministries.)

The Chairman and members of the Public Service Superannuation Board are either civil servants in other capacities or an employee of the Ontario Public Service Employees Union and they receive no additional remuneration or expense allowances for service on the Board. Cost proration is not justified under these circumstances.

## **ACKNOWLEDGEMENT**

In submitting this Report, the Board acknowledges, with appreciation, the assistance rendered to it by the Secretariat and the management and staff of the Employee Benefits and Data Services Branch, Ministry of Government Services.



TABLE I

## CASES UNDER THE PUBLIC SERVICE SUPERANNUATION ACT

	Total number of recipients at March 31, 1987	Cases during year	Deaths during year	Other terminations	Total number of recipients at March 31, 1988
Allowances					
Type 60 (male)	3,354	583	116	2	3,819
Type 60 (female)	1,231	231	38	1	1,423
Type 65 (male)	6,299	500	338	1	6,460
Type 65 (female)	3,572	272	113	0	3,731
Type 70 (male)	54	4	7	0	51
Type 70 (female)	30	1	2	0	29
Type 90 (male)*	1,995	457	44	0	2,408
Type 90 (female)	210	48	4	0	254
Disability (male)	662	28	37	0	653
Disability (female)	486	12	14	0	484
Dependants (widows of contributors)	2,203	111	37	0	2,277
Dependants (widowers of contributors)	173	19	4	0	188
Dependants (widows of superannuates)	4,211	368	158	0	4,421
Dependants (widowers of superannuates)	153	31	18	0	166
Dependants (children)	83	4	0	31	56
TOTALS	24,716	2,669	930	35	26,420

Type 60 - age 60 plus at least 20 years of contributory service.

Type 65 - age 65 plus at least 10 years of contributory service.

Type 70 - age 70 plus at least 10 years of contributory service.

Type 90 - age plus years of contributory service total at least 90 years.

\*NOTE: of the 457 new cases, 43 are OPPA "Type 80" cases, and of the 44 deaths, 2 are OPPA "Type 80".



TABLE II

## ALLOWANCES

Summary of allowances being paid as at March 31, 1988:

<u>Dollar Amount Per Annum</u>	<u>Number of Allowances (Pensioners)</u>
0 - 2,000	2,494
2,001 - 3,000	2,325
3,001 - 4,000	1,979
4,001 - 5,000	1,659
5,001 - 6,000	1,511
6,001 - 7,000	1,072
7,001 - 8,000	931
8,001 - 9,000	841
9,001 - 10,000	708
10,001 - 12,000	1,176
12,001 - 15,000	1,360
15,001 - 20,000	1,505
20,001 - 25,000	870
Over 25,000	881

<u>Dollar Amount Per Annum</u>	<u>Number of Allowances (Dependants)</u>
0 - 1,000	1,913
1,001 - 1,500	1,345
1,501 - 2,000	983
2,001 - 2,500	664
2,501 - 3,000	483
3,001 - 3,500	376
3,501 - 4,000	261
4,001 - 4,500	198
4,501 - 5,000	177
5,001 - 6,000	250
6,001 - 7,500	221
7,501 - 10,000	176
10,001 - 12,500	40
Over 12,500	21

See statistical tabulation on page 14.

The dollar amounts are P.S.S. Fund amounts and do not include supplementary benefits and escalation payments.



TABLE III

CASES UNDER THE PUBLIC SERVICE SUPERANNUATION ACT

<u>Annuities</u>	Total number of recipients at March 31, 1987	Cases during year	Deaths during year	Other terminations	Total number of recipients at March 31, 1988
Immediate (60 plus, male)	597	77	16	0	658
Immediate (60 plus, female)	801	99	17	0	883
Immediate (less than 60, male)	548	74	11	0	611
Immediate (less than 60, female)	751	69	3	0	817
* Deferred Active (male)	506	41	19	0	528
* Deferred Active (female)	453	41	15	0	479
* Deferred Pending (male)	418	43	7	48	406
* Deferred Pending (female)	272	40	1	42	269
Defendants (widows)	377	30	14	0	393
Defendants (widowers)	75	13	8	0	80
Defendants (children)	2	0	0	0	2
TOTALS	4,800	527	111	90	5,126

\* Deferred Annuities are denoted as "pending" until the date payment commences and are then referred to for statistical purposes as "active".

Immediate (60 plus) - age 60 or over plus at least 10 years of contributory service.

Immediate (less than 60) - under age 60 plus at least 10 years of contributory service.



TABLE IV

## ANNUITIES

Summary of annuities being paid as at March 31, 1988:

<u>Dollar Amount Per Annum</u>	<u>Number of Annuities (Annuitants)</u>
0 - 2,000	1,456
2,001 - 3,000	720
3,001 - 4,000	502
4,001 - 5,000	355
5,001 - 6,000	214
6,001 - 7,000	157
7,001 - 8,000	124
8,001 - 9,000	99
9,001 - 10,000	75
10,001 - 12,000	109
12,001 - 15,000	72
15,001 - 20,000	59
20,001 - 25,000	20
Over 25,000	14

<u>Dollar Amount Per Annum</u>	<u>Number of Annuities (Dependants)</u>
0 - 1,000	285
1,001 - 1,500	102
1,501 - 2,000	29
2,001 - 2,500	23
2,501 - 3,000	8
3,001 - 3,500	11
3,501 - 4,000	6
4,001 - 4,500	2
4,501 - 5,000	1
5,001 - 6,000	6
6,001 - 7,500	1
7,501 - 10,000	0
10,001 - 12,500	1
Over 12,500	0

See statistical tabulation on page 16.

The dollar amounts are P.S.S. Fund amounts and do not include supplementary benefits and escalation payments.

This summary excludes deferred pending cases.



TABLE V

**NUMBER OF OTHER CASES PROCESSED UNDER  
THE PUBLIC SERVICE SUPERANNUATION ACT**

In addition to the cases involving allowances and annuities as shown on pages 14 and 16, the following cases were processed in the period April 1, 1987 to March 31, 1988. The number of cases processed in all categories does not correspond to the number of contributors who left the Fund because of the overlap, both at the beginning and the end of the fiscal year, between the date of separation and the date of processing the benefit.

	<u>Number of cases during the year</u>
<u>Payments (Double contributions with interest)</u>	
Retirement	58
Disability	12
Dependants (widows, widowers, children)	<u>29</u>
Sub total:	<u>99</u>
<u>Refunds</u>	
Single contributions (with interest)	2,897
Residual balances	<u>33</u>
Sub total:	<u>2,930</u>
<u>Transfers</u>	
Transfers Out	<u>120</u>
Sub total:	<u>120</u>
TOTAL:	<u>3,149</u>



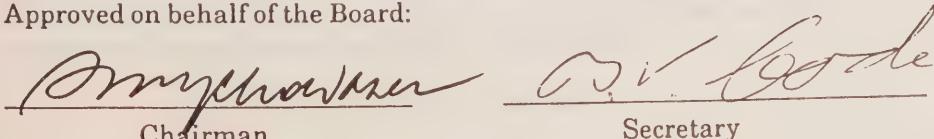
## PUBLIC SERVICE SUPERANNUATION FUND

### Statement of Changes in Fund Balance for the year ended March 31, 1988

	1988 (\$000's)	1987 (\$000's)
<b>Receipts</b>		
Contributions		
Province of Ontario	112,592	101,760
Boards and commissions	13,298	11,809
Designated branches	391	375
	<u>126,281</u>	<u>113,944</u>
Employees	126,281	113,944
Without equivalent contributions by employer - sundry	927	1,033
Employer re:		
Employees receiving long term income protection benefits	12,048	7,871
Transfers from other plans	7,405	17,326
Interest earnings	<u>515,668</u>	<u>459,704</u>
	<u>788,610</u>	<u>713,822</u>
<b>Disbursements</b>		
Allowances (including supplementary benefits) to superannuates, beneficiaries and annuitants	241,211	211,228
Supplementary benefits - recovery from the Province	<u>(57,044)</u>	<u>(50,916)</u>
	<u>184,167</u>	<u>160,312</u>
Refunds of contributions and interest	19,267	17,753
Transfers to other plans	<u>2,880</u>	<u>3,378</u>
	<u>206,314</u>	<u>181,443</u>
<b>Net increase in the Fund</b>	<b>582,296</b>	<b>532,379</b>
<b>Fund balance on deposit with the Treasurer of Ontario,</b>		
- beginning of year	<u>4,562,855</u>	<u>4,030,476</u>
- end of year	<u>5,145,151</u>	<u>4,562,855</u>

See accompanying notes to financial statement.

Approved on behalf of the Board:



The image shows two handwritten signatures. The signature on the left is "P. McPherson" and the signature on the right is "D.V. Godde".

Chairman

Secretary



## PUBLIC SERVICE SUPERANNUATION FUND

### Notes to Financial Statement March 31, 1988

#### DESCRIPTION OF THE PLAN

The following brief description of the Public Service Superannuation pension plan (the Plan) established under the Public Service Superannuation Act (the Act) is provided for general purposes only. For more complete information, reference should be made to the Act. Contributions and benefit payments made in accordance with the terms of the Plan are accounted for in the Public Service Superannuation Fund (the Fund).

Effective January 1, 1988, the Pension Benefits Act, 1987, which introduced new minimum standards for all pension plans registered in Ontario, came into force. Since January 1, 1988, the Plan has been administered in accordance with the statutory requirements imposed by the Pension Benefits Act, 1987. Amendments to the Act to reflect these requirements are presently being drafted for introduction in the Legislature.

##### (a) General

The Plan is a contributory defined benefit pension plan of the Province of Ontario and is mandatory for persons who satisfy eligibility requirements provided in the Act. Under this Plan, contributions are made by contributors, certain agencies, boards and commissions and the Province of Ontario.

##### (b) Funding Policy

Participants are required to contribute six per cent of salary, net of Canada Pension Plan contributions, to the Fund. These contributions are matched by the Province.

The Pension Benefits Act, 1987 requires that the Province of Ontario, acting as the Plan sponsor, must ensure that the benefits determined under the Plan are adequately funded. The determination of the required funding is made on the basis of a triennial actuarial valuation.

##### (c) Pension Portability and Commuted Value

Contributions made to the Plan prior to January 1, 1987 are locked-in when a plan participant is age 45 or older and has 10 or more years of service. The locked-in contributions are to provide a plan participant with a deferred annuity at age 65.

As of January 1, 1988, the Pension Benefits Act, 1987 requires all contributions made to a pension plan from January 1, 1987 onwards to be locked-in when a plan participant has two or more years of continuous contributory service in the plan. A plan participant who ceases to be eligible to participate in the Plan and who is entitled to a deferred annuity has the option to transfer to a designated pension plan or other designated pension vehicle, the commuted value of the deferred annuity arising on or after January 1, 1987. The commuted value represents the present value of pension benefits which become payable at some date in the future.



## 1. DESCRIPTION OF THE PLAN (cont'd)

### (d) Superannuation Allowances

A superannuation allowance is available based on:

- a minimum of ten years or two years of contributory services depending on the credit date in the Fund;
- the best five year or three year average salary depending on the credit date in the Fund; and
- two per cent of this average salary for each year of contributory service, to a maximum of 35 years service up to age sixty-five.

A "90 factor", achieved by a combination of age and years of contributory service, provides an unreduced superannuation allowance at any age up to sixty-five years of age.

Both reduced and unreduced superannuation allowances are also available under other combinations of age and years of contributory service or under other circumstances as outlined in the Act.

Superannuation allowance is reduced when integration with the Canada Pension Plan (CPP) takes place at age 65 or upon receipt of a CPP disability allowance.

### (e) Survivor Allowances

For superannuation allowances commenced prior to January, 1988, a survivor allowance equal to 50 per cent of the allowances mentioned above is available to a spouse or an eligible child of a participant who has a minimum of ten years credit in the Fund. Participants may elect to increase the survivor allowance to a maximum of 75 per cent of the basic superannuation allowance by reducing the benefit received during their lifetime.

Effective for retirements that occur on or after January 1, 1988, and in accordance with the Pension Benefits Act, 1987, the survivor allowance will not be less than 60 per cent rather than the 50 per cent mentioned above. The initial benefit received at the time of retirement may be actuarially reduced to compensate for the improved survivor allowance. However, arrangements exist to permit the spouse of the retiring member to waive entitlement to the improved benefit and thereby avoid any actuarial reduction in the initial benefit.

### (f) Death Refunds

A death refund on benefits earned prior to January 1987 is payable to the estate of a participant where allowances have not been paid to the full extent of the individual's contributions plus interest.

For benefits earned from January 1, 1987 onwards, a death refund equal to the commuted value of the deferred annuity as outlined in the Pension Benefits Act, 1987 is payable to the estate of a participant, spouse, or designated beneficiary.



## DESCRIPTION OF THE PLAN (cont'd)

### g) Withdrawal Refunds

Upon application and subject to the lock-in provisions, withdrawal refunds, with interest on the contributions, are payable where a participant ceases to be eligible to participate in the Plan.

### h) Income Tax

The Public Service Superannuation pension plan is a Registered Pension Plan as defined by the Income Tax Act and therefore is not subject to income tax.

### i) Supplementary Benefits

Supplementary benefits, as ordered by the Lieutenant Governor in Council, are paid to participants where allowances under the Act are below a prescribed amount. Additionally, cost-of-living escalations are paid to participants who are not entitled to receive cost-of-living escalations under the Superannuation Adjustment Benefits Act. These supplementary payments are recovered from the Consolidated Revenue Fund.

### j) Interest Revenue

All new money, being the excess of receipts over disbursements each fiscal year, earns a rate of interest which is fixed for 25 years and which is not less than the weighted average rate on long term securities issued or guaranteed by the Province of Ontario during that fiscal year. Funds maturing at the end of the 25 year term are also reinvested at the new money rate. For the 1988 fiscal year, this rate was 11.10 per cent. The weighted average interest rate being earned on the 1987/88 opening balance was 11.22 per cent.

## SIGNIFICANT ACCOUNTING POLICY

This statement has been prepared on the cash basis of accounting.

## ADMINISTRATIVE EXPENSES

Administrative expenses are paid by the Ministry of Government Services.

## FINANCIAL STATUS OF THE FUND

### a) Results of Actuarial Valuation

The adequacy of the assets available in the Fund for benefits is determined by a triennial actuarial valuation. The latest triennial valuation filed with the Pension Commission of Ontario was as at December 31, 1985.



#### **4. FINANCIAL STATUS OF THE FUND (cont'd)**

At December 31, 1985 the Fund showed an actuarial surplus of \$109.9 million.

Based on the 1985 valuation report, the Province is no longer required to make unfunded liability payments into the Fund.

The impact of the application of the Pension Benefits Act, 1987, described in note 1, on the accrued Plan benefits will be reflected in the next triennial valuation as at December 31, 1988. It is anticipated that the actuarial surplus will be reduced from that indicated at December 31, 1985.

##### **(b) Basis of Actuarial Valuation**

The future assets and liabilities of the Plan are determined by applying actuarial assumptions to predict the amount and timing of future benefits and refunds together with participants and matching contributions. Then, using assumed interest rates, these predicted payments and receipts are "present valued" as if they had all been paid or received on the valuation date, December 31, 1985. The rates used by the actuary for mortality, retirement and withdrawal were based on recent experiences among the participants of the Plan.

The assumed interest earnings rates and salary increase rates were as follows:

	New Money Interest Rate \$	Fund Balance Interest Rate \$	Salary Increase Rate \$
1986	10.40	11.10	5.00
1987	9.00	10.90	5.50
1988	8.00	10.60	6.00
1989	7.00	10.20	7.00
1990	6.75	9.90	6.50
1991 and after	6.50 - 6.00	9.60 - 6.00	6.00 - 4.50

Post-retirement adjustment benefits for inflation are not considered in the actuary's valuation because such benefits are paid out of the Superannuation Adjustment Fund or Consolidated Revenue Fund.

#### **5. REPORT ON THE FINANCING OF ESCALATION BENEFITS**

The Malcolm Rowan and Laurence E. Coward Reports on public sector pension plans made a number of recommendations, including the merging of the Superannuation Adjustment Fund with the Public Service Superannuation Fund. The Reports are currently under review by the government of Ontario.



**INTEREST EARNED  
BY THE P.S.S. FUND**

Interest was credited to the Public Service Superannuation Fund out of the Consolidated Revenue Fund on the following basis:

- (i) on the balance at the credit of the Fund on March 31, 1987 at a rate of 11.21622 per cent per annum, the effective rate of interest equivalent to the combination of rates applicable to the various portions of the balance;
- (ii) on the net amount deemed to have entered the Fund each month throughout fiscal year 1987-88 at a rate of 11.10 per cent per annum and credited from the date such increases are deemed to have entered the Fund to the end of fiscal year 1987-88.

Interest will be credited to the Public Service Superannuation Fund out of the Consolidated Revenue Fund at a rate of 11.10 per cent per annum for twenty-five years subsequent to the fiscal year 1987-88 on the net increase in the Fund for the fiscal year 1987-88 (\$582,295,996) and on the \$22,000,000 which was deemed to be the portion of the Fund which was reinvested at March 31, 1988.









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Publications

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# **Public Service Superannuation Board**

**Annual Report**  
for the period April 1, 1989 to December 31, 1989



**SEVENTIETH ANNUAL REPORT  
OF THE  
PUBLIC SERVICE SUPERANNUATION BOARD  
FOR THE PERIOD  
APRIL 1, 1989 TO DECEMBER 31, 1989**







The Management  
Board of  
Cabinet

Conseil de gestion  
du gouvernement  
de l'Ontario

Office of the  
Chairman

Bureau du  
président

Frost Building South  
Queen's Park  
Toronto, Ontario  
M7A 1Z6

Édifice Frost sud  
Queen's Park  
Toronto (Ontario)  
M7A 1Z6

(416) 586-2020

To his Honour, the Lieutenant Governor  
of the Province of Ontario

MAY IT PLEASE YOUR HONOUR

The undersigned respectfully presents herewith the Report of the Public Service  
Superannuation Board for the period from April 1, 1989 to December 31, 1989.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Murray J. Elston".

Murray J. Elston, M.P.P.  
Bruce  
Chairman

enc.





Public  
Service  
Superannuation  
Board

Commission  
du régime de  
retraite des  
fonctionnaires

Area code  
Telephone

Indicatif régional  
Téléphone

The Honourable Murray Elston  
Chairman of the Management Board

SIR:

I have the honour to submit the Report of the Public Service Superannuation Board for the period from April 1, 1989 to December 31, 1989.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Stephanie J. Wychowanec".

Stephanie J. Wychowanec  
Chairman



## PUBLIC SERVICE SUPERANNUATION BOARD

The Board was first established in 1920 under an Act of the Legislature of Ontario. It operated under the Public Service Superannuation Act (R.S.O. 1980, chapter 419), as amended.

The Members of the Board were appointed by the Lieutenant Governor in Council. At the end of the period under review, the Board had the following Members:

S.J. Wychowanec, Q.C. (Chairman)  
Chairman, Ontario Energy Board

E. McKee, Senior Policy Advisor  
Pensions Policy Branch  
Human Resources Secretariat  
Management Board of Cabinet

J.A. Jackson  
Executive Director  
Property Management Division  
Ministry of Government Services

S. McVittie  
Benefits Officer  
O.P.S. Employees Union

F.C. Paradis, Manager, Interpretation Planning and Reporting, Ministry of Government Services, was the Secretary.

In accordance with the Act, the Board approved disability and certain survivor pension benefits. It evaluated eligibility in special cases and heard appeals against routine decisions made by the Employee Pensions and Benefits Administration Branch of the Ministry of Government Services. Board decisions are usually made on the basis of written presentations, but affected parties could make personal presentations if so desired and be represented by counsel. The Board also advised the Minister on Public Service Superannuation Plan matters.

Seventeen meetings of the Board were held during the year period from April 1, 1989 to December 31, 1989.

As of January 1, 1990 the assets and liabilities of the Public Service Superannuation Fund were transferred to the Public Service Pension Fund. The Public Service Superannuation Act was repealed January 1, 1990 and the Public Service Superannuation Board was dissolved as of this date.



## TABLE OF CONTENTS

	Page Nos.
Contributions . . . . .	6
Allowances . . . . .	6
Annuities . . . . .	7
Payments, Refunds and Transfers to Other Pension Funds . . . . .	8
Options for Military Service and Past Pensionable Service with Another Employer . . . . .	8
Options for Past Service with Ontario Government . . . . .	9
Options for Leave of Absence . . . . .	9
Contributions on Behalf of Disabled Contributors . . . . .	9
Transfers Into and Out of the Plan . . . . .	10 – 11
Public Service Superannuation Fund . . . . .	12
Unfunded Liability . . . . .	12
Cost of Administration . . . . .	13
Acknowledgement . . . . .	13
Tables I and II – Allowances . . . . .	14 – 15
Tables III and IV – Annuities . . . . .	16 – 17
Table V – Payments, Refunds and Transfers . . . . .	18
Statement of Changes in Fund Balance . . . . .	19
Statement of Fund . . . . .	20 – 24
Interest earned by the P.S.S. Fund . . . . .	25



## **CONTRIBUTORS**

During the period covered by this Report, 4,617 new contributors to the Public Service Superannuation Fund were added and 3,648 contributors left the Fund for a net increase of 969 over the preceding year. At the end of the period under review, there were 85,243 contributors of whom 1,650 were part-time and 520 were seasonal employees.

## **ALLOWANCES**

An "allowance" under the Public Service Superannuation Act is retirement income payable in monthly instalments commencing with the month following the month in which the individual retired. The amount of an allowance is calculated according to the benefit formula under the Act and not reduced because of age or service.

As of December 31, 1989, 28,783 allowances were being paid compared with 27,766 at the end of the previous year. The total number of recipients consisted of:

20,083	pensioners;
7,589	surviving spouses and children of deceased contributors or pensioners;
1,111	disability pensioners.

This represented an increase of 1,017 allowances over the preceding year.



## ANNUITIES

An "immediate annuity" under the Public Service Superannuation Act is similar to an allowance but the amount is reduced to reflect age and/or service which is less than the requirements for an allowance. Monthly payments commence with the month following the month in which the individual ceased to be employed.

A "deferred annuity" under the Public Service Superannuation Act is payable at a specific date in the future, such as age 60 or 65 depending upon the commencement date of employment in the Ontario public service, to an individual who is no longer an active member of the Plan. At the former member's discretion, payment of an immediate annuity, at a reduced amount, may be made within ten years of the former member's normal pension commencement date.

At the end of the period under review there were:

- 4,602      former contributors receiving annuities;
- 520      surviving spouses and children in receipt of annuities;
- 947      former contributors who will receive deferred annuities from a later date.

This represented an increase of 494 annuities over the preceding year.



## **PAYMENTS, REFUNDS AND TRANSFERS TO OTHER PENSIONS**

During the period April 1, 1989 to December 31, 1989:

- 1,564 former employees received refunds of contributions, with interest;
- 49 former employees who were not eligible for an allowance received payments of twice their contributions, with interest;
- 15 spouses and children received lump sum death benefits equal to twice the deceased contributor's contributions, with interest;
- 60 former employees transferred their contributions and credit to other pension funds.

## **OPTIONS FOR MILITARY SERVICE AND PAST PENSIONABLE SERVICE WITH ANOTHER EMPLOYER**

During the period 134 contributors made contributions for military service in World War II or the Korean War. Also, 244 contributors made contributions for pensionable service with employers recognized for transfer purposes under the Public Service Superannuation Act.

The amount contributed to the Fund by these employees was \$441,626.



## **OPTIONS FOR PAST SERVICE WITH ONTARIO GOVERNMENT**

During the period April 1, 1989 to December 31, 1989, 3657 contributors made payments for past continuous non-contributory service with the Ontario Government. Furthermore, 766 employees made contributions in order to reinstate previous periods of pensionable service with the Ontario Government.

The amount paid into the Plan by these contributors during the period under review was \$2,453,563.

## **OPTIONS FOR LEAVE OF ABSENCE**

During this period, 398 contributors established credit for unpaid leave of absence. The amount contributed to the Plan by these contributors was \$248,795.

## **CONTRIBUTIONS ON BEHALF OF DISABLED CONTRIBUTORS**

Also during this period April 1, 1989 to December 31, 1989, the employer paid \$7,858,164 into the Fund on behalf of 5,481 disabled contributors who had qualified for a benefit under the Long Term Income Protection Plan. This amount was in addition to the usual matching contribution paid under Section 10(1) of the Public Service Superannuation Act.



## **RANSFERS INTO AND OUT OF THE PLAN**

During the period April 30, 1989 to December 31, 1989, 92 contributors established additional credit in the Ontario Public Service Superannuation Plan by transferring from other pension plans and 60 former contributors transferred their contributions and credit in the Public Service Superannuation Plan to other pension plans.

On December 31, 1989, reciprocal transfer arrangements were in effect between the O.P.S.S.P. and the following:

Alberta Civil Service Superannuation Fund  
Anglican Church of Canada Pension Fund\*  
Baptist Convention of Ontario and Quebec\*  
British Columbia Public Service Superannuation Fund  
Canada Public Service Superannuation Fund  
Canada Broadcasting Corporation Pension Fund  
Carleton University Pension Fund  
Central Mortgage and Housing Corporation Pension Fund  
Evangelical Lutheran Church of Canada Pension Fund\*  
Hospital for Sick Children Employees Pension Fund  
Hospitals of Ontario Pension Fund  
McMaster University Pension Fund  
Manitoba Civil Service Superannuation Fund  
New Brunswick Civil Service Superannuation Fund  
Newfoundland Civil Service Superannuation Fund  
Nova Scotia Civil Service Superannuation Fund  
Ontario Educational Communications Authority Pension Fund  
Ontario Energy Corporation  
Ontario Hydro Pension Fund  
Ontario Institute for Studies in Education Pension Fund  
Ontario Municipal Employees Retirement Board



Ontario Research Foundation Pension Fund  
Ontario Teachers' Superannuation Fund  
Prince Edward Island Civil Service Superannuation Fund  
Quebec Civil Service Pension Fund  
Queen's University Pension Fund  
Retirement Pension Plan of Colleges of Applied Arts and Technology  
Saskatchewan Power Corporation Pension Fund  
Sisters of St. Joseph  
United Church of Canada Pension Fund\*  
University of Guelph Pension Fund  
University of Ottawa Pension Fund  
University of Toronto Pension Fund  
University of Western Ontario Pension Fund  
Urban Transportation Development Corp. Ltd.  
Via Rail Canada Inc.  
Worker's Compensation Board Superannuation Fund  
York University Pension Fund

\*Applies only to Ontario Public Service Chaplains



## **PUBLIC SERVICE SUPERANNUATION FUND**

The amount standing to the credit of the Public Service Superannuation Fund at April 1, 1989 was \$5,786,809,791 and at December 31, 1989, \$6,330,642,236 (subject to verification by the Provincial Auditor). Total receipts for the year, including interest, amounted to \$740,693,449 while total disbursements amounted to \$196,861,004.

## **UNFUNDED LIABILITY**

An actuarial valuation on the Public Service Superannuation Fund received in 1988 indicated a surplus of \$314.0 million. However, when the amendments to the Pension Benefits Act are factored, the surplus is reduced to \$71.0 million, the difference of \$243.0 million being the actuarial estimate, on a present value basis of the cost of pension reform on the Plan.



## **COST OF ADMINISTRATION**

The cost of administrative support for the operation of the Public Service Superannuation Board was subsumed in the cost of administering the provisions of the Public Service Superannuation Act by the Employee Pensions and Benefits Administration Branch of the Ministry of Government Services (Vote 1,703, Item 6). (This Branch also provided administrative services to other pension plans and benefit plans for Government employees and for members of the Legislative Assembly and their staff.)

The Chairman and members of the Public Service Superannuation Board were either civil servants in other capacities or an employee of the Ontario Public Service Employees Union and they received no additional remuneration or expense allowances of service on the Board. Cost proration is not justified under the circumstances.

## **ACKNOWLEDGEMENT**

**In submitting this Report, the Board acknowledges, with appreciation, the assistance rendered to it by the Secretariat and the management and staff of the Employee Pensions and Benefits Administration Branch, Ministry of Government Services.**



# CASES UNDER THE PUBLIC SERVICE SUPERANNUATION ACT

<u>Allowances</u>	<u>Total number of recipients at March 31, 1989</u>	<u>Cases during year</u>	<u>Deaths during year</u>	<u>Other Terminations</u>	<u>Total number of recipients at December 31, 1989</u>
Type 60 (male)	4,116	367	101	10	4,372
Type 60 (female)	1,565	146	15	2	1,694
Type 65 (male)	6,585	287	239	19	6,614
Type 65 (female)	3,846	184	81	9	3,940
Type 70 (male)	48	1	6	1	42
Type 70 (female)	30	1	3	0	28
Type 70 (male)*	2,772	340	40	2	3,070
Type 90 (male)	281	44	2	0	323
Type 90 (female)	634	18	18	1	633
Disability (male)	475	15	11	1	478
Disability (female)	2,361	58	17	0	2,402
Dependants (widows of contributors)	206	12	5	0	213
Dependants (widowers of contributors)	4,608	209	88	1	4,728
Dependants (widows of superannuates)	183	10	6	1	186
Dependants (widowers of superannuates)	56	4	0	0	60
Dependants (children)				47	<u><u>28,783</u></u>
<b>Totals</b>	<b><u><u>27,766</u></u></b>	<b><u><u>1,696</u></u></b>			

Type 60 – age 60 plus at least 20 years of contributory service.

Type 65 – age 65 plus at least 10 years of contributory service.

Type 70 – age 70 plus at least 10 years of contributory service.

Type 90 – age plus years of contributory service total at least 90 years.  
 \*Note: of the 340 new cases, 27 are OPPA "Type 80" cases, and of the 40 deaths, 0 are OPPA "Type 80"



**TABLE II**  
**ALLOWANCES**

Summary of allowances being paid as at December 31, 1989:

<u>Dollar Amount Per Annum</u>	<u>Number of Allowances (Pensioners)</u>
0 – 2,000	2,205
2,001 – 3,000	2,121
3,001 – 4,000	1,907
4,001 – 5,000	1,722
5,001 – 6,000	1,669
6,001 – 7,000	1,214
7,001 – 8,000	1,054
8,001 – 9,000	992
9,001 – 10,000	843
10,001 – 12,000	1,354
12,001 – 15,000	1,657
15,001 – 20,000	1,870
20,001 – 25,000	1,185
Over 25,000	1,401

<u>Dollar Amount Per Annum</u>	<u>Number of Allowances (Dependants)</u>
0 – 1,000	1,876
1,001 – 1,500	1,372
1,501 – 2,000	1,044
2,001 – 2,500	721
2,501 – 3,000	542
3,001 – 3,500	417
3,501 – 4,000	295
4,001 – 4,500	227
4,501 – 5,000	211
5,001 – 6,000	291
6,001 – 7,500	268
7,501 – 10,000	226
10,001 – 12,500	59
Over 12,500	40

See statistical tabulation on page 14.

The dollar amounts are P.S.S. Fund amounts and do not include supplementary benefits and escalation payments.



# CASES UNDER THE PUBLIC SERVICE SUPERANNUATION ACT

Annuities	Total number of recipients at March 31, 1989	Cases during year	Deaths during year	Other Terminations	Total number of recipients at December 31, 1989
Immediate (60 plus, male)	736	80	21	1	794
Immediate (60 plus, female)	982	80	15	1	1,046
Immediate (less than 60, male)	672	92	7	2	755
Immediate (less than 60, female)	887	73	7	1	952
*Deferred Active (male)	550	19	13	2	554
*Deferred Active (female)	499	8	5	1	501
*Deferred Pending (male)	430	99	0	20	509
*Deferred Pending (female)	316	133	0	8	441
Defendants (widows)	415	21	4	1	431
Defendants (widowers)	86	5	7	0	84
Defendants (children)	3	0	0	0	3
<b>Totals</b>	<b>5,576</b>	<b>610</b>	<b>79</b>	<b>37</b>	<b>6,070</b>

\*Deferred Annuities are denoted as "pending" until the date payment commences and are then referred to for statistical purposes as "active".

Immediate (60 plus) – age 60 or over plus at least 10 years of contributory service.

Immediate (less than 60) – under age 60 plus at least 10 years of contributory service.



**TABLE IV**  
**ANNUITIES**

Summary of annuities being paid as at December 31, 1989:

<u>Dollar Amount Per Annum</u>	<u>Number of Allowances (Pensioners)</u>
0 – 2,000	1,553
2,001 – 3,000	751
3,001 – 4,000	549
4,001 – 5,000	409
5,001 – 6,000	282
6,001 – 7,000	202
7,001 – 8,000	176
8,001 – 9,000	135
9,001 – 10,000	106
10,001 – 12,000	159
12,001 – 15,000	123
15,001 – 20,000	91
20,001 – 25,000	39
Over 25,000	27

<u>Dollar Amount Per Annum</u>	<u>Number of Allowances (Dependants)</u>
0 – 1,000	298
1,001 – 1,500	105
1,501 – 2,000	37
2,001 – 2,500	28
2,501 – 3,000	14
3,001 – 3,500	13
3,501 – 4,000	7
4,001 – 4,500	5
4,501 – 5,000	1
5,001 – 6,000	7
6,001 – 7,500	0
7,501 – 10,000	3
10,001 – 12,500	2
Over 12,500	1

See statistical tabulation on page 16.

The dollar amounts are P.S.S. Fund amounts and do not include supplementary benefits and escalation payments.

This summary excludes pending deferred annuity cases.



**TABLE V**

**NUMBER OF OTHER CASES PROCESSED UNDER  
THE PUBLIC SERVICE SUPERANNUATION ACT**

In addition to the cases involving allowances and annuities as shown on pages 14 and 16, the following cases were processed in the period April 1, 1989 to December 31, 1989. The number of cases processed in all categories does not correspond to the number of contributors who left the Fund because of the overlap, both at the beginning and the end of the fiscal year, between the date of separation and the date of processing the benefit.

	<b>Number of Cases During the Period</b>
<b>Payments (Double contributions with interest)</b>	
Retirement	36
Disability	13
Dependants (widows, widowers, children)	15
<b>Sub-total:</b>	<b>64</b>
<b>Refunds</b>	
Single contributions (with interest)	1,556
Residual balances	8
<b>Sub-total:</b>	<b>1,564</b>
<b>Transfers</b>	
Transfers Out	60
<b>Sub-total:</b>	<b>60</b>
<b>Total</b>	<b>1,688</b>



**PUBLIC SERVICE SUPERANNUATION FUND**  
**Statement of Changes in Fund Balance**  
**for the nine-month period ended December 31, 1989**

	Nine-month period ended December 31, 1989 (note 2) (\$000's)	Year ended March 31, 1989 (\$000's)
<b>Deposits</b>		
Contributions		
Province of Ontario	103,459	121,419
Boards and commissions	13,121	14,076
Designated branches	257	310
	<u>116,837</u>	<u>135,805</u>
Employees	116,837	135,805
Without equivalent contributions by employer – sundry	531	887
Employer re:		
Employees receiving long term income protection benefits	7,858	10,222
Transfers from other plans	6,744	9,385
Interest earnings	<u>491,886</u>	<u>581,037</u>
	<u>740,693</u>	<u>873,141</u>
<b>Payments</b>		
Allowances (including supplementary benefits) to superannuates, beneficiaries and annuitants	224,252	268,504
Supplementary benefits – recovery from the Province	<u>(43,180)</u>	<u>(57,791)</u>
Refunds of contributions and interest	181,072	210,713
Transfers to other plans	13,667	16,418
	<u>2,122</u>	<u>4,351</u>
	<u>196,861</u>	<u>231,482</u>
<b>Net increase in the Fund</b>	<b>543,832</b>	<b>641,659</b>
<b>Fund balance on deposit with the</b>		
Treasurer of Ontario,		
– beginning of period	5,786,810	5,145,151
– transfer from Superannuation Adjustment Fund account for the Public Service Superannuation Fund (note 2)	594,094	–
– transfer from Ontario Provincial Police Supplementary Benefits Account (note 2)	<u>12,433</u>	<u>–</u>
– end of period	<u>6,937,169</u>	<u>5,786,810</u>

See accompanying notes to financial statement.

Approved:



# **PUBLIC SERVICE SUPERANNUATION FUND**

## **Notes to Financial Statement December 31, 1989**

### **1. DESCRIPTION OF THE PLAN**

The following brief description of the Public Service Superannuation Plan (the Plan) established under the Public Service Superannuation Act (the Act) is provided for general purposes only. For more complete information, reference should be made to the Act. Contributions and benefit payments made in accordance with the terms of the Plan are accounted for in the Public Service Superannuation Fund (the Fund).

#### **(a) General**

The Plan is a contributory defined benefit pension plan of the Province of Ontario and is mandatory for persons who satisfy eligibility requirements provided in the Act. Under this plan, contributions are made by plan members, the Province of Ontario, and designated provincial agencies, boards and commissions. The Fund is held by the Province and is maintained within the Consolidated Revenue Fund (C.R.F.).

#### **(b) Funding Policy**

Members are required to contribute 4.2 per cent of salary for Canada Pension Plan (C.C.P) eligible earnings and 6.0 per cent of remaining earnings to the Fund. The Province matches the amount of member contributions and makes payments for certain members in the Plan who are on long term disability.

The Pension Benefits Act, 1987 (P.B.A.) requires that the Province of Ontario, acting as the Plan sponsor, ensure that the benefits determined under the Plan are adequately funded. The determination of the required funding is made on the basis of a triennial actuarial valuation.

#### **(c) Pension Portability and Commuted Value**

Contributions made to the Plan for service prior to January 1, 1987 are locked-in when a member reaches 45 years of age and has 10 or more years of continuous service or employment. Contributions made to the Plan for service on or after January 1, 1987 are locked-in when a member has two or more years of continuous membership in the Plan. The contributions are to provide a member with a pension at their normal retirement age.

A member who ceases to contribute to the Plan and who is entitled to a deferred pension may have the option to transfer the commuted value of the deferred pension to a designated pension vehicle. The commuted value represents the present value of pension benefits which will become payable at some future date.



## **1. DESCRIPTION OF THE PLAN (Cont'd)**

### **(d) Superannuation Allowances**

A normal superannuation allowance is available based on:

- the members' vested pensionable service (pre-1987) service vests at ten years contributory service or continuous employment; post-1986 service vests at two years of continuous membership);
- the best five year or three year average salary depending on the credit date in the Fund; and
- two per cent of this average salary for each year of contributory service, to a maximum of 35 years service, payable at age sixty-five or age sixty depending on the credit date in the Fund.

Both reduced and unreduced superannuation allowances are available under combinations of minimum attained age and years of pensionable service or under other circumstances as outlined in the Act.

Because contributions to the Plan are integrated with the C.P.P., the superannuation allowance is reduced at age sixty-five the C.P.P. retirement benefits or for disability benefits upon the receipt of a C.P.P. disability allowance.

### **(e) Survivor Allowances**

For retirements prior to January 1, 1988, a survivor allowance, equal to 50 per cent of the allowances mentioned above, is available to the spouse or an eligible child of a member who has a minimum of ten years credit in the Fund.

In accordance with the P.B.A., for retirements that occur on or after January 1, 1988, the survivor allowance will not be less than 60 per cent. The retirement benefit will be actuarially reduced to compensate for this improved survivor allowance. However, the legislation permits the spouse of the member to waive his/her entitlement to this improved survivor allowance and thereby avoid any actuarial reduction in the retirement benefit. Members may elect to increase the survivor allowance to a maximum of 75 per cent of the basic superannuation allowance by reducing their retirement benefit.

### **(f) Post-Retirement Death Refunds**

Upon the death of a pensioner, a refund of residual contributions may be payable to the estate as determined under the Act.

### **(g) Other Refunds**

Upon application, and subject to the lock-in provisions, refunds are payable with interest when a member ceases to be eligible to participate to the Plan



## **1. DESCRIPTION OF THE PLAN (Cont'd)**

### **(h) Income Tax**

The Plan is a Registered Pension Plan as defined by the Income Tax Act and therefore is not subject to income tax.

### **(i) Augmentation of Pensions**

Upon order by the Lieutenant Governor in Council, additional payments are made to certain pensioners where the allowances under the Act are below a prescribed amount. Additionally, cost-of-living escalations are paid to pensioners who are not entitled to receive cost-of-living escalations under the Superannuation Adjustment Benefits Act. These payments are made from the C.R.F.

### **(j) Interest Revenue**

Each fiscal period, the excess of inflows over outflows (net cash flow) earns interest at a rate which is fixed by Order in Council. This rate also applies to the reinvestment of funds which matured during the fiscal period. For the nine months ended December 31, 1989, the rates were:

Net Cash Flow	11.65%
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Average Rate Paid on the April 1, 1989 Opening Balance	11.24%
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## **2. CHANGES IN LEGISLATION**

In accordance with the Public Service Pension Act, 1989:

- The Public Service Superannuation Fund (the Fund) established under the Public Service Superannuation Act is continued as the Public Service Pension Fund (P.S.P.F.).
- As of December 31, 1989, the assets and liabilities of the Public Service Superannuation Fund Account in the Superannuation Adjustment Fund and the Ontario Provincial Police Supplementary Benefits Account were transferred to the Fund.
- As of January 1, 1990, the assets and liabilities of the Fund were transferred to the P.S.P.F. and the Fund ceased to exist in the Consolidated Revenue Fund. The transfer of assets was made by the issuance of non-marketable debentures of the Province of Ontario.



### **3. BASIS OF ACCOUNTING**

Deposits to the Public Service Superannuation Fund (the Fund) include employee contributions and the applicable matching employer contributions, pertaining to employment service for the period ended December 31, 1989. Non-matching contributions and interest earnings for the nine months ended December 31, 1989 are also included.

Payments from the Fund are recorded when paid.

Deposits received and payments made after December 31, 1989 which relate to the Fund will be recorded by the Public Service Pension Fund.

### **4. ADMINISTRATIVE EXPENSES**

Administrative expenses are paid by the Province of Ontario. After December 31, 1989, administrative expenses will be paid from the Public Service Pension Fund.

### **5. FINANCIAL STATUS OF THE FUND**

The adequacy of the assets available in the Public Service Superannuation Fund (the Fund) for benefits is determined by a triennial actuarial valuation. The latest valuation filed with the Pension Commission of Ontario covered the period ending December 31, 1985 and showed an actuarial surplus of \$109.9 million.

The impact on the funded position of the Fund on January 1, 1990, resulting from the changes in legislation, described in note 2, will be determined by an actuarial valuation. This will be done under the direction of the Public Service Pension Board (the Board) pursuant to the Public Service Pension Act, 1989. A preliminary actuarial valuation prepared in 1989, estimated an unfunded liability of \$1.9 billion as at January 1, 1990 and the Province will fund the unfunded liability over 40 years, in accordance with legislation. Interim payments by the Province based on the estimated initial unfunded liability for the next three years are as follows:

<u>Year</u>	<u>\$ million</u>
1990	89.6
1991	94.5
1992	99.7

The amount of these payments will be adjusted when the actuarial valuation prepared for the Board is filed with the Pension Commission of Ontario.



## **INTEREST EARNED BY THE P.S.S. FUND**

Interest was credited to the Public Service Superannuation Fund out of the Consolidated Revenue Fund on the following basis:

- (i) on the balance at the credit of the Fund on March 31, 1989 at a rate of 11.24208 percent per annum, the effective rate of interest equivalent to the combination of rates applicable to the various portions of the balance;
- (ii) on the net amount deemed to have entered the Fund each month from April 1 to December 31, 1989 at a rate of 11.65 percent per annum and credited from the date such increases are deemed to have entered the Fund to the end of 1989.

Interest will be credited to the Public Service Pension Fund out of the Consolidated Revenue Fund at a rate of 11.65 percent per annum for twenty-five years subsequent to December 31, 1989, on the net increase in the Fund for the period April 1 to December 31, 1989 of 543,832,445.







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# 1990 ANNUAL REPORT

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## PUBLIC SERVICE PENSION BOARD



*“Serving the needs of  
over 118,000 Ontarians”*

One Adelaide Street East, Suite 1200  
Toronto, Ontario  
M5C 2X6

## **Business Vision Statement**

The Public Service Pension Board is committed to being the leader in the pension industry in providing the best quality service at the lowest cost to employees and the government; delivering top service, prudent investment of pension funds and quality advice to Government on pension policy.

### **ACTUARIES**

William M. Mercer Limited

### **AUDITORS**

Ernst & Young

### **LEGAL COUNSEL**

Blake, Cassels & Graydon

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Serving 85,000 Ontario civil servants and 33,000 Ontario pensioners

**The Ontario Public Service**

- |   |  |
|---|--|
| Ministry of Agriculture and Food  | Ministry of Municipal Affairs                      |
| Ministry of the Attorney General  | Ministry Responsible for Native Affairs            |
| Ministry of Citizenship   | Ministry of Natural Resources                      |
| Ministry of Colleges and Universities   | Ministry of Northern Development                   |
| Ministry of Community and Social Services                                       | Ministry of Revenue                                |
| Ministry of Consumer and Commercial Relations                                   | Ministry of Skills Development                     |
| Ministry of Correctional Services   | Ministry of the Solicitor General                  |
| Ministry of Culture and Communications  | Ontario Provincial Police                          |
| Ministry of Education   | Ministry of Tourism and Recreation                 |
| Ministry of Energy  | Ministry of Transportation                         |
| Ministry of the Environment   | Ministry of Treasury and Economics                 |
| Ministry of Financial Institutions  | Minister Responsible for Women's Issues            |
| Minister for Francophone Affairs  | Alcoholism and Drug Addiction Research Foundation  |
| Ministry of Government Services   | Algonquin Forest Authority                         |
| Office of the Greater Toronto Area  | Housing Authorities to the Housing Development Act |
| Ministry of Health  | Liquor Boards of Ontario                           |
| Ministry of Housing   | Niagara Parks Commission                           |
| Minister Responsible for Human Rights, the Disabled, Seniors and Race Relations | Ontario Waste Management Corporation               |
| Ministry of Industry, Trade and Technology                                      | Province of Ontario Council for the Arts           |
| Ministry of Intergovernmental Affairs   | Teachers' Superannuation Commission                |
| Ministry of Labour  | Toronto Area Transit Operating Authority           |
| Management Board of Cabinet   | Workers' Compensation Appeals Tribunal             |
| Ministry of Mines   |  |

## Chairman's Message



W. H. SOMERVILLE  
Chairman

On January 1, 1990 the Province of Ontario enacted new legislation governing the pension plan of the employees and pensioners of the Province and established the "Public Service Pension Board". The purpose was to assume responsibility for the independent management of the assets and liabilities of the pension plan from Government and to provide quality benefits at the lowest cost to both employers and employees. The Public Service Pension Plan covers 85,000 employees of the Province as well as 33,000 pensioners.

I was both honoured and humbled to be asked on January 1, 1990 by the Premier of Ontario to accept the position of Chairman for the newly created Public Service Pension Board. My mandate is to provide the highest quality service to both employees and pensioners as well as delivering the maximum investment return with minimum risk to the plan. It is also my desire and intention, through prudent management of the assets of the plan and control of expenditures and liabilities to contain or reduce increases in the contributions required by both the employers and employees. I, along with the Board, am committed to these objectives.

During 1990 we engaged six fund managers to provide investment services to the plan.

The five balanced fund managers and the fixed income fund manager have been instructed to invest the approximately \$1 billion of liquid assets in Canadian and American stocks as well as Canadian and American bonds up to seven years in maturity. Our investment philosophy has concentrated on the security of the investment so that the maximum return is earned with minimum risk.

In a year in which major losses have been sustained in the market, our pension plan not only had no losses, but realized an overall investment return of 11.6%. The total assets of the plan at December 31, 1990 are \$7.845 billion, an increase of \$907.8 million or 13.1% from the previous year.

The preliminary estimated actuarial unfunded liability of the plan is in the area of \$2 billion. Once the actuarial valuation of the plan is finalized, the Province is committed to payment of the unfunded liability over a period of forty years and has made interim payments against that commitment since January, 1990.

The Public Service Pension Board is well served by an outstanding Board of Directors with each individual bringing his or her specialized skills to the job. They are identified at the back of this annual report.

We have been fortunate in attracting an outstanding staff in 1990. Our President, Mr. J.J. Wilbee was the former Superintendent of Insurance for the Province. The Vice-Presidents, Leonard Lu, Jon-Jo Douglas, Robert Kay and Brian Mills bring many years of experience to their positions in our organization.

I would like to extend our most sincere thanks for an outstanding contribution to a successful first year of operations to all Directors, Officers and staff members.

A handwritten signature in cursive script that reads "W.H. Somerville".

W. H. SOMERVILLE  
Chairman

## Auditors' Report

### To the Directors of the Public Service Pension Board:

We have audited the statement of net assets available for benefits of the Public Service Pension Board as at December 31, 1990 and the statements of changes in net assets available for benefits and administrative expenses for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the net assets available for benefits of the Board as at December 31, 1990 and the changes in net assets available for benefits and administrative expenses for the year then ended in accordance with generally accepted accounting principles.

Toronto, Canada  
February 21, 1991

*Ernst & Young*  
Chartered Accountants

PUBLIC SERVICE PENSION BOARD

**Statement of Net  
Assets Available  
for Benefits as at  
December 31,  
1990  
(000's)**

<b>ASSETS</b>	
Investments (Note 4)	\$ 7,246,302
Contributions Receivable	55,697
Accrued Interest	551,361
	607,058
Fixed Assets (Note 5)	3,100
<b>TOTAL ASSETS</b>	<b>7,856,460</b>
<b>LIABILITIES</b>	
Accounts Payable and Accrued Liabilities	7,666
Income Tax Withheld on Pension Payments	3,787
<b>TOTAL LIABILITIES</b>	<b>11,453</b>
<b>NET ASSETS AVAILABLE FOR BENEFITS</b>	<b>\$ 7,845,007</b>

See accompanying notes

Approved on behalf of the Board:



William H. Somerville  
Director



Ronald C. Brown  
Director

PUBLIC SERVICE PENSION BOARD

**Statement of  
Changes in Net  
Assets Available  
or Benefits for  
the Year ended  
December 31,  
1990  
(000's)**

**INCREASE IN NET ASSETS**

Investment Income (Note 3a)	\$ 816,055
Contributions:	
Members	238,991
Sponsors	247,111
Interim payments re unfunded liability	89,422
Transfers from other plans	8,198
 <u>Total increase in net assets</u>	 1,399,777

**DECREASE IN NET ASSETS**

Pensions paid	393,345
Refunds of contributions/transfers	88,964
<u>Administrative expenditures</u>	9,630

<u>Total decrease in net assets</u>	491,939
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<b>INCREASE FOR THE YEAR</b>	907,838
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<b><u>NET ASSETS AT BEGINNING OF YEAR</u></b>	6,937,169
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<b><u>NET ASSETS AT END OF YEAR</u></b>	<b>\$ 7,845,007</b>
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See accompanying notes

PUBLIC SERVICE PENSION BOARD

**Statement of  
Administrative  
Expenses for the  
Year ended  
December 31,  
1990  
(000's)**

Treasurer of Ontario (1)	\$ 5,389
Salaries and benefits	1,635
Investment services	500
Professional consulting services	486
Training and development	328
Actuarial services	312
Office rental	230
Printing, stationery and computer supplies	186
Depreciation	94
Repairs and maintenance	85
Office equipment	80
Communications	80
Legal fees	56
Audit fees	36
Travel	33
Books and publications	25
Bank services	23
Telecommunications	20
Board services	20
Postage and distribution	6
Relocation costs	5
Insurance	1
	<b>\$ 9,630</b>

(1) Services were provided during 1990 to the Public Service Pension Board by the Ministry of Government Services, Employee Pension and Benefits Administration Branch in the course of transferring responsibilities to the Board. The Board has estimated the 1990 liability at \$5.389 million, although the total amount has not been finalized.

See accompanying notes

**Notes to Financial  
Statements  
December 31,  
1990**

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**1. PUBLIC SERVICE PENSION ACT,  
1989**

On December 31, 1989 the Province of Ontario enacted new legislation governing the pension plan of the civil servants of the Province. The Public Service Pension Act, 1989 (the Act) repealed the Public Service Superannuation Act, 1980, as amended, and the pension plan which had been established thereunder was continued under the new legislation. The terms of the pension plan (the Plan) are disclosed in Schedule 1 to the Act and are effective January 1, 1990. The Public Service Pension Board (the Board) has been designated to administer the pension plan.

Effective January 1, 1990 the total assets and liabilities of the Public Service Superannuation Account maintained in the Consolidated Revenue Fund were transferred to the Board. The transfer was made by issuing \$6.937 billion of Province of Ontario debentures.

The Act requires a valuation of the Plan as at January 1, 1990. Any going concern unfunded actuarial liability of the Plan determined by the valuation will be contributed in special monthly payments by the Province over a period of forty years, commencing January 1, 1990.

**2. DESCRIPTION OF PLAN**

The following is a brief description of the Plan. For more complete information, reference should be made to the Act.

*a) General*

The Plan is a contributory defined benefit pension plan and is mandatory for persons who satisfy eligibility requirements provided in the Act. Under the Plan, contributions are made by the members and the Province. The Plan is registered under the Pension Benefits Act of Ontario, 1987: #C-667/2.

*b) Contributions*

Member contributions are 8% of salary less the amount contributed to the Canada Pension Plan. Matching contributions are made by the sponsors.

Ontario Provincial Police members are required to contribute an additional 2% of salary to the Plan which is matched by the sponsor.

*c) Service Pensions*

A service pension is available based on the number of years of credited service, best five year average salary and the member's age less an offset for amounts received under the Canada Pension Plan. An unreduced pension can be received before age 65 if the member's age and service credit total 90 or when the member reaches age 60 and has 20 or more years of credited service.

Ontario Provincial Police members are eligible for an unreduced pension after attaining age 50 with 30 years of credited service.

*d) Death Benefits*

Death benefits are available to a surviving spouse or eligible children, or a designated beneficiary on the death of a member or a pensioner. The benefit may take the form of an immediate or deferred pension and/or a lump sum payment.

*e) Disability Pensions*

A pension is available to members at any age with a minimum of 10 years of credited service. The amount of the disability pension is dependent on credited service, average salary and eligibility criteria.

*f) Withdrawal Refunds*

Withdrawal refunds, with interest on contributions, are payable to members terminating employment upon application and subject to lock-in provisions of the Act.

*g) Income Taxes*

The Plan is not subject to income taxes.

*h) Escalation of Benefits*

Pension benefits are indexed to inflation based on the Consumer Price Index to a maximum of 8%. Any inflation above 8% is applied to the pension in subsequent years when the adjustment is less than 8%.

**Notes to Financial  
Statements  
December 31,  
1990**

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**3. SUMMARY OF SIGNIFICANT  
ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with generally accepted accounting principles and present the financial position of the Plan as a separate entity independent of the sponsors and plan members. Significant accounting policies are as follows:

a) *Investments*

Investments are carried at cost. Included in accrued interest receivable is \$530,378,000 representing interest accrued for the Province of Ontario debentures. The interest is payable annually on March 31.

Investment income includes \$721,446,000 of interest earned on the Province of Ontario debentures during 1990.

b) *Contributions*

Contributions from members and sponsors received subsequent to the year-end, but which are applicable to the current year, are

recorded as receivable. Contributions from buybacks and transfers are recorded when received from the members whereas the sponsors' matching contributions are recorded when the cases are processed and the matched amounts determined.

Interim payments from the Province are recorded in the year in which they are received.

c) *Pensions*

Payments of pensions are recorded in the year in which such payments are made.

d) *Fixed Assets*

Fixed assets are carried at cost less accumulated depreciation. Depreciation is provided on a straight-line basis over the estimated useful lives of the fixed assets as follows:

Furniture and fixtures	10 years
Computer equipment	5 years
Leasehold improvements	10 years

**4. INVESTMENTS**

	<b>Cost</b>	<b>Market Value</b>
	(in 000's)	
Cash and short term investments	\$ 218,812	\$ 218,812
Government of Canada and Provincial bonds and debentures	6,880,661	6,888,763
Corporate bonds and debentures	100,152	101,260
Non-Canadian investments	46,677	47,055
	<hr/> <u>\$ 7,246,302</u>	<hr/> <u>\$ 7,255,890</u>

**Notes to Financial  
Statements  
December 31,  
1990**

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**5. FIXED ASSETS**

	1990		
	Cost	Accumulated Depreciation	Net
	(in 000's)		
Computer equipment	\$ 1,152	\$ 77	\$ 1,075
Leasehold improvements	1,442	12	1,430
Furniture and fixtures	<u>600</u>	<u>5</u>	<u>595</u>
	<u><u>\$ 3,194</u></u>	<u><u>\$ 94</u></u>	<u><u>\$ 3,100</u></u>

The Board is committed under a ten year lease for office premises at One Financial Place, Toronto, at an annual net rental of \$1 million commencing 1991.

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**6. OBLIGATIONS FOR PENSION BENEFITS**

In accordance with the Act, an initial actuarial valuation of the Plan as at January 1, 1990 is in progress and will be subject to agreement by the Chairman of the Management Board of Cabinet and the Treasurer prior to filing with the Pension Commission of Ontario. The Province is required to fund by special payments over the next forty years, commencing January 1, 1990, any unfunded actuarial liability determined by the valuation.

The Province prepared a report on the unfunded actuarial liability of the Plan based on December 31, 1987 data which was projected to January 1, 1990 and was estimated to be \$1.9 billion.

Since January 1, 1990 the Province has been providing interim monthly payments to the Board as required by Schedule 2 to the Act.

## History of the Plan for Ontario Pensioners

- 
- 1920** Public Service Superannuation Act (PSSA)
  - 1931** Introduction of disability allowances.
  - 1958** Establishment of deferred annuities.
  - 1965** Retirement age increased from 60 to 65. Pension plan was integrated with Canada Pension Plan. Average salary period increased from 3 to 5 years for pension entitlement calculation.
  - 1969** Common law widows recognized as eligible survivors.
  - 1971** Widowers entitled to same benefits as widows.
  - 1975** Superannuation Adjustment Benefits Act  
Legislation introduced for automatic indexing of pensions.
  - 1983** Continuation of survivor pensions on re-marriage.
  - 1987** Pension Benefits Act  
Comprehensive amendments for administration of pension plans and establishment of regulatory requirements.
  - 1989** Public Service Pension Act  
Amalgamation of previous legislation governing pension plans of Province of Ontario employees and establishment of the Public Service Pension Board.

## Directors

### Board of Directors

WILLIAM H. SOMERVILLE, L.L.D.  
Chairman  
Former Chairman and CEO  
National Trust

WILLIAM J. CORCORAN  
Vice Chairman  
Executive Vice-President  
ScotiaMcLeod Inc.

RONALD C. BROWN, Q.C.  
Senior Partner  
Blake, Cassels & Graydon

HARRIET L. DEKOVEN  
Manager  
Federal-Provincial Programs,  
Ministry of Treasury & Economics

WILLIAM J. FISHER  
Former Vice-President  
Human Resources,  
Chrysler Corporation

DANIEL L. MCCAW  
President  
William M. Mercer Limited

R. GRANT SCHARF  
Sergeant  
Ontario Provincial Police  
Chairman, Ontario Provincial Police  
Association

JAMES R. THOMAS  
Assistant Deputy Minister  
Human Resources Secretariat

NANCY THOMSON  
Founder, Investing for Women  
Investment Consultant

### Investment Committee

\* WILLIAM J. CORCORAN  
RONALD C. BROWN  
HARRIET L. DEKOVEN  
WILLIAM H. SOMERVILLE  
NANCY THOMSON

### Audit Committee

\* RONALD C. BROWN  
R. GRANT SCHARF  
JAMES R. THOMAS  
NANCY THOMSON

### Human Resources Committee

\* WILLIAM J. FISHER  
WILLIAM J. CORCORAN  
HARRIET L. DEKOVEN  
DANIEL L. MCCAW  
WILLIAM H. SOMERVILLE

### Pension Policy Committee

\* DANIEL L. MCCAW  
WILLIAM J. FISHER  
R. GRANT SCHARF  
WILLIAM H. SOMERVILLE  
JAMES R. THOMAS

\* Chairman

## Officers and Staff

### Officers

WILLIAM H. SOMERVILLE

Chairman

JAMES J. WILBEE

President

JON-JO A. DOUGLAS

VP Policy and Legal Counsel

ROBERT F. KAY

VP Investments

LEONARD LU

VP Corporate Resources

BRIAN G. MILLS

VP Plan Administration

### Staff Directors

LINDA J. BOWDEN

Director, Human Resources

GULU CHADHA

Treasurer

DANIEL P. EDWARDS

Director, Plan Administration

M. JANG HONG

Director, Administrative Services

SHERRY J. MACDONALD

Director, Finance

THOMAS T. ROBINS

Director, Internal Audit

RON YEUNG

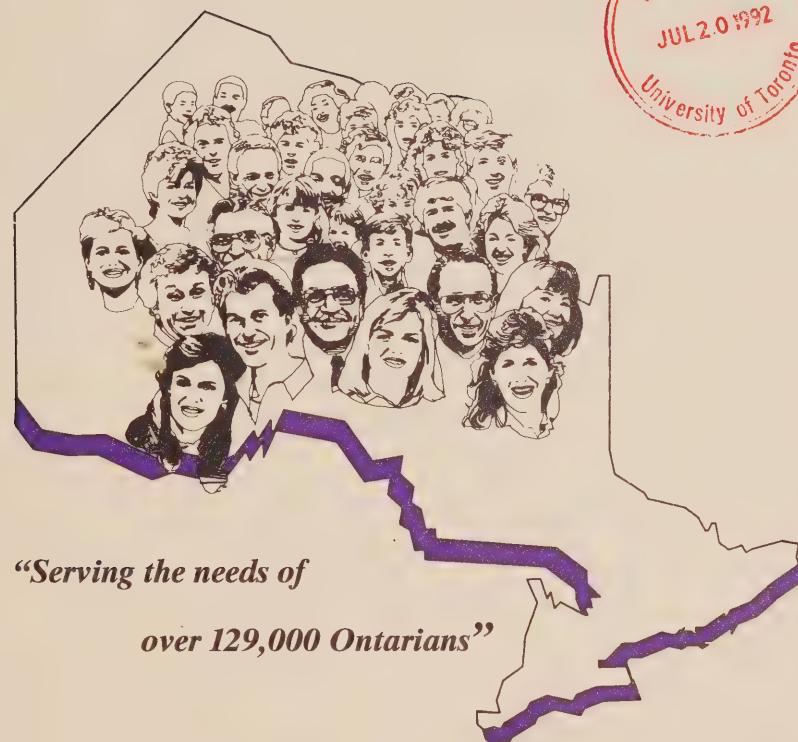
Director, Information Technology



PUBLIC SERVICE PENSION BOARD  
One Adelaide Street East, Suite 1200  
Toronto, Ontario  
M5C 2X6



# ONTARIO PENSION BOARD



*“Serving the needs of  
over 129,000 Ontarians”*

## 1991 ANNUAL REPORT

## **Business Vision Statement**

The goal of the Ontario Pension Board is to excel in the provision of pension benefits by delivering the highest quality service to its members, pensioners and sponsors at the lowest cost, and by obtaining the maximum return on investments with a minimum of risk. This goal is being achieved through progressive human resource practices that encourage the initiative, innovation and participation of all staff.

### **ACTUARIES**

William M. Mercer Limited

### **AUDITORS**

Ernst & Young

### **LEGAL COUNSEL**

Blake, Cassels & Graydon

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The Ontario Pension Board is honoured to serve the needs of the over 91,000 contributing members and 38,000 pensioners who are currently or were previously employed in the following Ministries, Agencies, Boards and Commissions of the Ontario Public Service:

- |  |   |
|--|---|
| Ministry of Agriculture and Food                       | Ministry of Revenue                     |
| Ministry of the Attorney General                       | Ministry of Skills Development          |
| Cabinet Office   | Ministry of the Solicitor General       |
| Ministry of Citizenship                                | Ministry of Tourism and Recreation      |
| Ministry of Colleges and Universities                  | Ministry of Transportation              |
| Ministry of Community and Social Services              | Ministry of Treasury and Economics      |
| Ministry of Consumer and Commercial Relations          | Minister Responsible for Women's Issues |
| Ministry of Correctional Services                      | Addiction Research Foundation           |
| Ministry of Culture and Communications                 | Algonquin Forestry Authority            |
| Ministry of Education                                  | GO Transit                              |
| Ministry of Energy                                     | Legislative Assembly of Ontario         |
| Ministry of the Environment                            | Liquor Control Board of Ontario         |
| Ministry of Financial Institutions                     | Niagara Parks Commission                |
| Minister Responsible for Francophone Affairs           | Office for Disability Issues            |
| Ministry of Government Services                        | Office for the Greater Toronto Area     |
| Ministry of Health                                     | Office of the Provincial Auditor        |
| Ministry of Housing                                    | Office for Seniors' Issues              |
| Ministry of Industry, Trade and Technology             | Ombudsman Ontario                       |
| Ministry of Intergovernmental Affairs                  | Ontario Anti-Racism Secretariat         |
| Ministry of Labour                                     | Ontario Arts Council                    |
| Management Board of Cabinet                            | Ontario Housing Corporation             |
| Ministry of Municipal Affairs                          | Ontario Human Rights Commission         |
| Minister Responsible for Native Affairs                | Ontario Pension Board                   |
| Ministry of Natural Resources                          | Ontario Provincial Police               |
| Ministry of Northern Development and Mines             | Ontario Teachers' Pension Plan Board    |
| Minister Responsible for Provincial Anti-Drug Strategy | Ontario Waste Management Corporation    |
|  | Workers' Compensation Appeals Tribunal  |
|  | Workplace Health and Safety Agency      |

## Chairman's Message



W. H. SOMERVILLE  
Chairman

I am pleased to report on the second year of our operations which is, in fact, our first complete year in which the Public Service Pension Board had total responsibility for the administration of both the assets and liabilities of the Plan. We assumed management of the assets on January 1, 1990 and the administration of the Plan on January 15, 1991.

Effective January 1, 1992, our name has been changed to the "Ontario Pension Board" to better reflect the nature of our operations.

On the investment side of our business, the Pension Fund has had a very good year. Total assets increased by \$1.19 billion from \$7.84 billion to \$9.03 billion, an increase of 15.2% over the prior year. The return on our total investment portfolio for the 1991 year was quite satisfactory at 14.1%.

Our original assets consisted of \$6.94 billion in special Province of Ontario debentures. As these special debentures mature, we are diversifying into other investments. During 1991 \$30 million of the special debentures have matured leaving a balance of \$6.19 billion. These special debentures provided an annual yield of 11.3%.

The remainder of our portfolio of investments, totalling \$2.2 billion, is managed by five external balanced fund specialists and one external bond fund specialist. These investments are comprised of Canadian and U.S. bonds and equities.

Our actuarial unfunded liability, originally estimated at \$1.9 billion, has been established at \$2.494 billion as at January 1, 1990. The Government of Ontario has committed to meet the obligations of this under-funding through monthly payments amortized over 40 years. Payments have been received since January 1, 1990, the date of our incorporation.

On the Plan Administration side, initiatives have been undertaken that reflect the Board's commitment, approach and attitude to improving the ways we work with our clients. The staff have made progress in improving our practices and services but there still remains much to be done.

The Ontario Pension Board currently manages the third largest pension plan in Ontario and services approximately 91,000 members and 38,000 pensioners.

On January 15, 1991, the plan administration staff transferred from the Government of Ontario and joined the Ontario Pension Board at its new location at One Adelaide Street East, Toronto. Our staff immediately established two goals:

- prompt and accurate information to be provided to members and pensioners; and
- courtesy and fairness in dealing with the problems and concerns of all our clients.

To achieve these goals, the staff established the following strategy:

- reduction in number of outstanding transactions;
- improved staff training;
- improved technology.

During 1991 the Board reduced the number of outstanding transactions, inherited at the time of the transfer from the Government, from 17,000 to 7,000. This was accomplished by implementing many of the staff suggestions and holding effective training sessions. Member and pensioner calls were reduced from a high of 9,400 calls per month to 4,900 calls per month. A direct benefit of having a more current workload was a reduction in inquiries and complaints. Our client service staff maintained an average call acceptance of 97% with an average response time of 13 seconds.

As we begin 1992, the staff are actively involved in developing the Board's information technology system. The new system will enable Board staff to access, through a single terminal, many databases and obtain the information necessary to calculate pension benefits. The new system will be a major component in our plan to enhance services to our members and pensioners.

Personally, and on behalf of the Board of Directors, I would like to thank President James Wilbee, and our entire staff for their outstanding dedication and assistance during a very difficult and hectic transition year.

A handwritten signature in black ink that reads "W. H. Somerville".

W. H. SOMERVILLE  
Chairman

## Auditors' Report

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### To the Directors of the Ontario Pension Board:

We have audited the statements of net assets available for benefits of the Ontario Pension Board as at December 31, 1991 and December 31, 1990, the statements of changes in net assets available for benefits and the statements of administrative expenses for the years then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 1991 and December 31, 1990 and the results of its operations and the changes in its financial position for the years then ended in accordance with generally accepted accounting principles.

The logo for Ernst & Young, featuring the company name in a stylized, cursive script font.

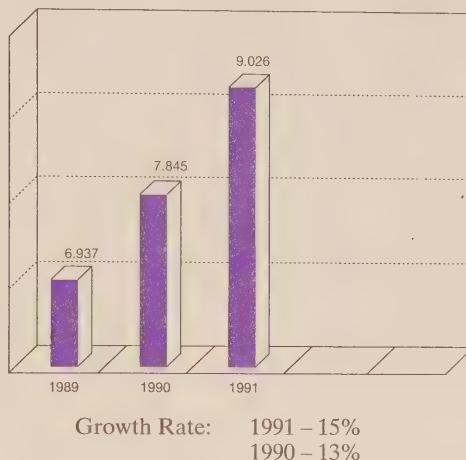
Toronto, Canada  
February 24, 1992

Chartered Accountants

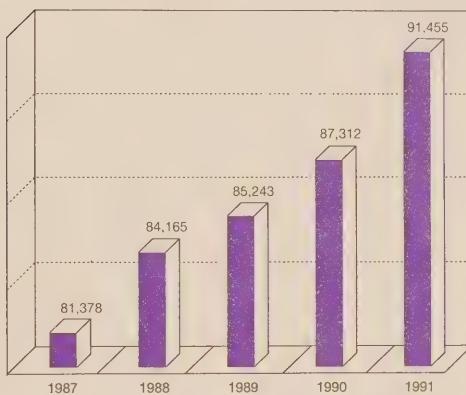
**Highlights For  
The Year 1991**  
(in thousands of dollars  
except for plan statistics)

	<b>1991</b>	1990	<b>% Change</b>
<b>RESULTS FOR THE YEAR</b>			
Total Investment Income	\$ 914,477	\$ 816,055	<b>12.1</b>
Total Contributions Received	549,859	486,102	<b>13.1</b>
Total Pensions Paid	425,646	393,345	<b>8.2</b>
Total Increase in Net Assets	1,180,968	907,838	<b>30.1</b>
<b>YEAR END POSITION</b>			
Invested Assets	8,400,886	7,246,302	<b>15.9</b>
Total Net Assets	9,025,975	7,845,007	<b>15.1</b>
<b>RETURN ON INVESTMENTS</b>		14.1 %	11.6%
<b>PLAN STATISTICS</b>			
Number of Members	91,455	87,312	<b>4.7</b>
Number of Pensioners	37,793	35,511	<b>6.4</b>

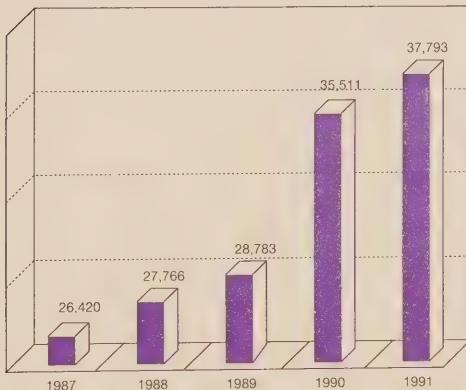
## Growth In Net Assets (\$ Billion)



## Growth In Members



## Growth In Pensioners\*



\* Total Includes Retirees, Dependents and Disabled

ONTARIO PENSION BOARD

**Statement Of Net Assets Available For Benefits As At December 31**

	<i>(in thousands of dollars)</i>	
	1991	1990
<b>ASSETS</b>		
Investments (Notes 4 and 5)	\$ 8,400,886	\$ 7,246,302
Contributions Receivable	66,091	55,697
Accrued Interest	562,423	551,361
Fixed Assets (Note 6)	2,928	3,100
<b>TOTAL ASSETS</b>	9,032,328	7,856,460
<b>LIABILITIES</b>		
Accounts Payable and Accrued Charges	1,967	7,666
Income Tax Withheld on Pension Payments	4,386	3,787
<b>TOTAL LIABILITIES</b>	6,353	11,453
<b>NET ASSETS AVAILABLE FOR BENEFITS</b>	\$ 9,025,975	\$ 7,845,007

See accompanying notes

Approved on behalf of the Board:

William H. Somerville  
Director

Ronald C. Brown  
Director

ONTARIO PENSION BOARD

Statement Of Changes  
in Assets Available  
for Benefits For  
the Years Ended  
December 31

	<i>(in thousands of dollars)</i>	
	1991	1990
<b>INCREASE IN NET ASSETS</b>		
Investment Income (Note 7)	\$ 914,477	\$ 816,055
Contributions:		
Members	268,733	238,991
Sponsors	281,126	247,111
Increase in market value of investments (Note 5)	107,386	
Interim payments received on account of unfunded liability	96,983	89,422
Transfers from other plans	13,314	8,198
Increase in net assets	1,682,019	1,399,777
<b>DECREASE IN NET ASSETS</b>		
Pensions paid	425,646	393,345
Refunds of contributions and transfers	62,869	88,964
Administrative expenditures	12,536	9,630
Decrease in net assets	501,051	491,939
<b>TOTAL INCREASE FOR THE YEAR</b>	1,180,968	907,838
<b>NET ASSETS AT BEGINNING OF YEAR</b>	7,845,007	6,937,169
<b>NET ASSETS AT END OF YEAR</b>	\$ 9,025,975	\$ 7,845,007

See accompanying notes

**Statement Of  
Administrative  
Expenses For The  
Years Ended  
December 31**

	<i>(in thousands of dollars)</i>	
	1991	1990
Salaries and benefits	\$ 6,868	\$ 1,635
Investment services	2,102	500
Office rental, operating costs and taxes	1,209	230
Depreciation	447	94
Repairs and maintenance	361	85
Printing, stationery and computer supplies	346	186
Professional consulting services	273	486
Telecommunications	238	20
Actuarial services	151	312
Office equipment	112	80
Postage and distribution	108	6
Training and development	75	328
Communications	54	80
Bank services	46	23
Audit fees	37	36
Travel	32	33
Books and publications	31	25
Board services	15	20
Registration and filing	12	0
Legal fees	9	56
Relocation costs	6	5
Insurance	4	1
Treasurer of Ontario (Note 9)	0	5,389
<b>TOTAL</b>	<b>\$ 12,536</b>	<b>\$ 9,630</b>

See accompanying notes

**Notes To Financial  
Statements  
December 31,  
1991**

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## **1. PUBLIC SERVICE PENSION ACT, 1989**

On December 31, 1989 the Province of Ontario enacted new legislation governing the pension plan of the civil servants of the Province. The Public Service Pension Act, 1989 (the Act) repealed the Public Service Superannuation Act, 1980, as amended. The pension plan which had been established thereunder was continued under the Act. The terms of the pension plan (the Plan) are stated in Schedule 1 to the Act and are effective January 1, 1990. The Ontario Pension Board (the Board), formerly the Public Service Pension Board, is the administrator of the Plan.

Effective January 1, 1990 the total assets and liabilities of the Public Service Superannuation Fund Account maintained in the Consolidated Revenue Fund were transferred to the Board. The transfer was made by issuing \$6.937 billion of Special Province of Ontario debentures.

## **2. DESCRIPTION OF PLAN**

The following is a brief description of the Plan. For more complete information, reference should be made to the Act.

### **a) General**

The Plan is a contributory defined benefit pension plan and is mandatory for persons who satisfy eligibility requirements provided in the Act. Under the Plan, contributions are made by the members and the sponsors. The Plan is registered under the Pension Benefits Act of Ontario: registration #C-667/2.

### **b) Contributions**

The Plan is integrated with the Canada Pension Plan (CPP). Member contributions are 6.2% of salary which is subject to CPP deductions and 8% on the balance of salary. The sponsors contribute matching amounts.

Ontario Provincial Police members are required to contribute to the Plan an additional 2% of salary which is matched by the sponsor.

### **c) Service Pensions**

A service pension is payable at age 65 based on the number of years of credit, the average salary during the best consecutive 60 month period less an offset for amounts received under the Canada Pension Plan. An unreduced pension can be received before age 65 if the member's age and service credit total 90 or when the member reaches age 60 and has 20 or more years of credited service.

Ontario Provincial Police members are eligible for an unreduced pension after attaining age 50 with 30 years of credited service.

### **d) Death Benefits**

Amounts may be payable to a surviving eligible spouse or eligible children, a designated beneficiary or the member's or pensioner's estate on the death of a member or a pensioner. The benefit may take the form of an immediate or deferred pension and/or a lump sum payment.

**Notes To Financial  
Statements  
December 31,  
1991**

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e) ***Disability Pensions***

Based on meeting all eligibility criteria, a pension may be available to members with a minimum of 10 years of credited service. The amount of the disability pension is dependent on credited service and average salary.

f) ***Withdrawal Refunds***

Members terminating employment before age 55 who are eligible for a deferred pension may transfer the commuted value of the pension to a locked-in registered retirement savings plan, to another pension plan or may purchase a life annuity.

g) ***Escalation of Benefits***

Pension benefits are indexed to inflation based on the Consumer Price Index to a maximum of 8%. Any inflation above 8% is applied to the pension in subsequent years when the adjustment is less than 8%.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

a) ***Basis of Presentation***

The financial statements are prepared in accordance with generally accepted accounting principles and present the position of the Plan as a separate entity independent of the sponsors and plan members.

b) ***Investments***

Traded investments are stated at market value in 1991 based on year end market prices. Short term investments are carried at amortized cost. Non-traded investments comprised of the Special Province of Ontario debentures are recorded at face value (see Note 5).

c) ***Contributions***

Contributions from members and sponsors which are due at year end are recorded as receivable. Contributions and matching contributions from buybacks and transfers are recorded when cash is received.

Interim payments from the Province are recorded in the year in which they are received.

d) ***Pensions***

Payments of pensions are recorded in the year in which such payments are made.

e) ***Fixed Assets***

Fixed assets are carried at cost less accumulated depreciation. Depreciation is provided on a straight-line basis over the estimated useful lives of the fixed assets as follows:

Computer equipment	5 years
Leasehold improvements	10 years
Furniture and fixtures	10 years

f) ***Foreign Currency Translation***

Foreign currency investments are translated into Canadian dollars at the year end exchange rate. Revenues and related transaction charges are recorded at the prevailing month end rate of exchange.

**Notes To Financial  
Statements  
December 31,  
1991**

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**4. CHANGE IN ACCOUNTING POLICIES**

Accounting policies have been changed, on a prospective basis, to reflect implementation of the CICA accounting standards for general purpose financial statements of pension plans in 1991.

The changes are:

- a) Investments have been valued at market at December 31, 1991 with the exception of the Special Province of Ontario debentures which cannot be traded and are recorded at their face value of \$6.194 billion. The corresponding amount at December 31, 1990 was \$6.225 billion.
- b) The financial statements include additional information on obligations for pension benefits of the Plan.

**5. INVESTMENTS**

	1991		1990	
	Cost	Market Value	Cost	Market Value
	(000's)		(000's)	
Term deposits	\$ 79,000	\$ 79,000	\$ 69,697	\$ 69,697
Government of Canada treasury bills	140,136	140,136	64,336	64,336
Other cash and short term investments	22,529	22,529	84,779	84,779
Government of Canada bonds	735,100	765,494	380,980	385,483
Province of Ontario bonds	90,488	94,414		
Ontario Hydro bonds	250,482	263,085	164,980	167,278
Other Government bonds	152,501	161,612	110,006	111,307
Corporate bonds and debentures	169,132	177,125	100,152	101,260
Canadian equities	124,755	123,599		
Non-Canadian equities	334,896	379,411	46,677	47,055
Traded Investments	2,099,019	2,206,405	1,021,607	1,031,195
Special Province of Ontario debentures	6,194,481	6,194,481	6,224,695	6,224,695
<b>TOTAL INVESTMENTS</b>	<b>\$ 8,293,500</b>	<b>\$ 8,400,886</b>	<b>\$ 7,246,302</b>	<b>\$ 7,255,890</b>

The estimated market value of the Special Province of Ontario debentures was \$7.931 billion as at December 31, 1991 and \$7.197 billion as at December 31, 1990. These amounts were determined by discounting cash flows based on year end market yields of comparable bonds.

**Notes To  
Financial  
Statements  
December 31,  
1991**

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**6. FIXED ASSETS**

	1991	1990		
	Cost	Accumulated Depreciation	Net	Net
		(000's)		(000's)
Computer equipment	\$ 1,412	\$ 326	\$ 1,086	\$ 1,075
Leasehold improvements	1,445	149	1,296	1,430
Furniture and fixtures	611	65	546	595
	<u>\$ 3,468</u>	<u>\$ 540</u>	<u>\$ 2,928</u>	<u>\$ 3,100</u>

**7. INVESTMENT INCOME**

	1991	1990
	(000's)	(000's)
Cash and short term investments	\$ 29,212	\$ 82,054
Bonds and debentures	174,853	12,541
Canadian equities	2,806	
Non-Canadian equities	5,070	14
Special Province of Ontario debentures	<u>702,536</u>	<u>721,446</u>
	<u>\$ 914,477</u>	<u>\$ 816,055</u>

**8. COMMITMENTS**

The Board is committed under an eleven year lease for office premises at One Financial Place, Toronto, at an annual net rental of \$1 million until 2002.

**9. ADMINISTRATION OF THE PLAN**

Services were provided during 1990 to the Board by the Ministry of Government Services, Employee Pension and Benefits Administration Branch. The direct administration of the Plan was taken over from the Ministry of Government Services by the Board on January 15, 1991.

**Notes To Financial  
Statements  
December 31,  
1991**

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**10. OBLIGATIONS FOR PENSION BENEFITS**

In accordance with the Act, an initial actuarial valuation of the Plan was completed by the Board's actuaries, William M. Mercer Ltd., as at January 1, 1990 which was subsequently approved by the Chair of the Management Board of Cabinet and the Treasurer of Ontario and filed with the Pension Commission of Ontario. This valuation disclosed an unfunded actuarial liability of \$2.494 billion as at January 1, 1990 based on a liability of \$11.349 billion from which assets of \$8.855 billion were deducted. This amount represented an increase from the original estimate of \$1.9 billion. The Province is required to fund the total unfunded liability by monthly payments over forty years.

A full actuarial valuation is required every three years. The next such valuation is due January 1, 1993. However, the Board's actuaries have produced an estimate of the actuarial obligation by projecting 24 months from January 1, 1990 to December 31, 1991 as follows:

(000's)	
Actuarial present value of accrued pension obligations at January 1, 1990	\$ 11,348,962
Interest on accrued benefits	1,891,243
Benefits accrued	1,057,473
Benefits paid	<u>( 992,990 )</u>
Actuarial present value of estimated pension obligations at December 31, 1991	<u>\$ 13,304,688</u>

The estimated actuarial value of the assets as at December 31, 1991 is \$10.615 billion.

The foregoing method is the method of valuation required under the Act and it is this method upon which funding decisions must be based. However, the Board is required to report under the new reporting standard set by the Canadian Institute of Chartered Accountants which requires that pension obligations be calculated using best estimate assumptions and the projected benefit method pro-rated on services. Using this method the present value of estimated pension obligations would be \$11.444 billion rather than \$13.305 billion at December 31, 1991.

**Notes To  
Financial  
Statements  
December 31,  
1991**

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### **11. ONTARIO PROVINCIAL POLICE EARLY RETIREMENT BENEFIT**

Under the Act, the Board is required to report annually on the early retirement benefit provided by the Plan to members who are employed by the Ontario Provincial Police Force (OPP). This early retirement benefit is available to OPP Plan members who are 50 years of age and have 30 years of credited service in the Plan. OPP Plan members contribute 2% of their salary to the Plan in addition to the regular 8% contribution amount. This contribution is matched by the sponsor.

The position of the OPP early retirement benefit was included in the initial actuarial valuation as at January 1, 1990. The value of projected future contributions and benefits included in the initial actuarial valuation was updated to reflect actual contributions received and benefit payments made during the period to December 31, 1991. This method produces a reasonable estimate of the financial position of this benefit according to the Board's actuaries.

The status of the OPP early retirement benefit as at December 31, 1991 was as follows:

	(000's)
Assets allocated to payment of OPP early retirement benefit	\$ 21,398
Actuarial value of future contributions from OPP members and sponsor	<u>58,929</u>
	80,327
Actuarial obligation of future OPP retirements	<u>(72,404)</u>
Assets available in excess of obligations	<u>\$ 7,923</u>

## Directors

### Board of Directors

WILLIAM H. SOMERVILLE, LL.D.  
Chairman  
Ontario Pension Board  
Former Chairman and CEO  
National Trust

WILLIAM J. CORCORAN  
Vice-Chairman, Ontario Pension Board  
Former Executive Vice-President  
ScotiаMcLeod Inc.

RONALD C. BROWN, Q.C.  
Partner  
Blake, Cassels & Graydon

HARRIET L. DEKOVEN  
Manager, Federal-Provincial Programs  
Ministry of Treasury and Economics

WILLIAM J. FISHER  
Former Vice-President  
Human Resources, Chrysler Corporation

DANIEL L. MCCAW  
President  
William M. Mercer Limited

R. GRANT SCHARF  
Sergeant  
Ontario Provincial Police and  
Chairman  
Ontario Provincial Police Association

JAMES R. THOMAS  
Deputy Minister  
Broader Public Sector - Labour Relations

NANCY THOMSON  
Founder, Investing for Women,  
Investment Consultants

### Committees of the Board

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\* WILLIAM J. CORCORAN  
RONALD C. BROWN  
HARRIET L. DEKOVEN  
WILLIAM H. SOMERVILLE  
NANCY THOMSON

#### Audit Committee

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R. GRANT SCHARF  
JAMES R. THOMAS  
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#### Human Resources Committee

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WILLIAM J. CORCORAN  
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DANIEL L. MCCAW  
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\* DANIEL L. MCCAW  
WILLIAM J. FISHER  
R. GRANT SCHARF  
WILLIAM H. SOMERVILLE  
JAMES R. THOMAS

\* Chairman

## Officers and Staff

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### Executive Officers

WILLIAM H. SOMERVILLE, LL.D.  
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JAMES J. WILBEE, F.C.A.  
President

LEONARD LU  
Group Vice-President, Operations

JON-JO A. DOUGLAS  
Vice-President, General Counsel and  
Secretary

ROBERT F. KAY  
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BRIAN G. MILLS  
Vice-President, Plan Administration

### Staff Directors

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Director, Administrative Services

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Director, Human Resources

P.P. (GULU) CHADHA  
Director, Pension Plan Services

DANIEL P. EDWARDS  
Director, Plan Administration

SHERRY J. MACDONALD, C.A.  
Director, Finance

THOMAS T. ROBINS  
Director, Internal Audit

RON YEUNG  
Director, Information Technology



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